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Concentration of Industry

THE announcement made on Tuesday by the President of the Board of Trade promises to be the beginning, not before its time, of a real advance in the mobilisation for war of all the economic and industrial resources of the country. Ever since the beginning of the war a growing list of industries manufacturing for the domestic consumer have been progressively restricted in their scale of operations. The necessity for such a restriction may have arisen from a variety of causes: shortage of imported raw materials has been one of the most pervasive. But whatever may have been the original *occasion*, the *purpose* that restriction of consumption goods industries can be made to serve in a war economy is to release for fighting and for munition-making the largest possible volume of resources of man-power, materials, factory space and industrial plant. If this is the purpose, then it is obviously better served if the vestigial output left to an industry is concentrated in the smallest possible number of factories than if a simple proportionate cut is imposed on every producer. If every firm is reduced to a quota of, say, 33⅓% or 25%, then every factory is still partly employed, every firm has to have at least its minimum reserve stock of materials, every machine is retained in partial use and the greater part of the labour force remains attached to the industry though on part-time.

The necessity for a measure of induced—and, if necessary, compelled—concentration of production in restricted industries is no novelty to readers of *The Economist*. It has now been recognised by the Government. Mr. Lyttelton's proposals refer mainly—at this stage entirely—to the group of industries subject to the Limitation of Supplies Orders and to the rationing of raw materials. These industries—hosiery, pottery, the major textile industries, boots and shoes, and some others—are, as the President said, "the main sources of factory-trained labour for munitions." The object is defined as being "to concentrate production in a reduced number of factories working full-time. These factories should be able to produce the output required for Government orders, the greatest practicable export trade and the minimum needs of our population, while at the same time preserving the goodwill of the factories closed down." The Government will facilitate this concentration "by granting to groups of undertakings which fulfil the necessary conditions special help to safeguard their requirements of labour and of raw materials," but "they cannot contemplate the use of public funds to . . . provide compensation."

The method of achieving concentration is, in the first place, to be by negotiations between the Board of Trade and "representatives of employers and workers in the industries concerned"; to assist in this task the existing Export Council is to be enlarged and re-named the Industrial and Export Council; its executive members, who have had experience of negotiating with industries for the formation of Export Groups, will no doubt bear the brunt of the work. There was, however, a sting in the tail of this declaration of adherence to the voluntary principle: "the Government accept ultimate responsibility for seeing that the necessary measure of concentration is achieved; and, where firms are either unwilling or unable to meet the situation by their own efforts, the Government will be prepared in the last resort to impose the reorganisation which circumstances require." The absorption into the war effort of the resources of man-power set free will, of course, remain the responsibility of the Ministry of Labour. The conversion of plant and buildings should be facilitated by the concentration in the hands of the Board of Trade of responsibility for co-ordinating the requirements of all Government Departments for factory and storage accommodation. As for the restoration of the *status quo* after the war, a record

of factories closed down and labour transferred will be kept and "the Departments concerned will take all measures open to them to assist their speedy reopening."

For this new policy in general there cannot be anything but unqualified, if somewhat impatient, welcome. It should have been made clear from the inception of the policy of limiting supplies that concentration of production was a necessary corollary. The hour is now so late that the task must be accomplished very quickly ; the weapon of compulsion cannot be kept in reserve for very long. The President of the Board of Trade and the members of his Industrial and Export Council must steel their hearts to treat delay on the same footing as recalcitrance. Industries must be told that time is of the essence of their contraction.

It is unquestionably appropriate that industries should be given an opportunity of making their own arrangements for concentration before any question of compulsion arises. But the community has a concern not merely with the fact of concentration but also with the methods by which it is brought about. Circumstances should not be allowed to force the weaker firms in an industry to accept concentration on the terms of the stronger. Even apart from these questions of equity within the industry, there are points of general principle that arise. For example, in the majority of cases it would be better for the community if concentration took the form of a temporary pool of financial interests, or even a holding company, rather than that the majority of firms should, for the duration, lose not merely their physical participation in the trade but their financial interest as well. It is to be hoped that the negotiators will be provided with a code of principles to be followed wherever possible. This is not a matter that can be pursued quite haphazard.

Coupled with this general welcome, however, there will naturally be questionings on a number of the details and the implications of such a drastic policy. A whole series of problems revolves round the question of compensation. There is very considerable risk of real or induced confusion on this issue and it is important to get the various elements of the problem clear. It is obvious that an industry which has had its output compulsorily reduced to, say, 25 per cent. of its peacetime output has suffered severe financial damage, and it might well claim that since the necessity for the restriction arises out of the community's actions and cannot in any way be blamed upon the restricted industry, it should receive public assistance in the same way as the wounded, the widows and the orphans of the war. But this financial damage, and the resultant claim for compensation, emerge from the restriction of output, which is already in force. The new policy announced by Mr Lyttelton this week does not restrict output any further ; it merely concentrates the existing restricted output. There is no reason, in the typical case, for supposing that the amount of profit accruing to the industry as a whole will be smaller when production is concentrated than when it is scattered. On the contrary, in the majority of cases it will be larger. There is, therefore, in general, no very strong case for compensation arising out of the policy of *concentration*, though there may be a case arising out of the previous *limitation*. What is necessary, of course, is to see that the profit made out of the concentrated output shall be equitably distributed among the different constituent units of the industry. Industries will have an opportunity of making their own arrangements for this, but in the typical case the nucleus factory (or factories) chosen to remain in production will, in effect, be trading not for its own account but as agents for the whole industry. Technical difficulties and commercial complications (of which the existence of brands and trade marks are not the least) will necessitate variations from this theme in different industries, but the principle is clear enough. Factories that are closed down can expect to receive a share in the profits of those that stay open ; they should not ordinarily expect to receive compensation.

This will not, however, prevent claims for compensation from being put forward. It would be too much to expect that the effects of the previous limitation and the new concentration will always be rigidly distinguished. Where similar ideas have been put into practice or have reached the stage of detailed discussion—as, for example, in coal and cotton—it has usually been found necessary to include a *douceur* for those who are to be temporarily excluded, and the Board of Trade may well find that countenancing arrangements of the sort may be the price it has to pay for speedy agreement. If so, a warning must be entered from the outset. The financing of compensation to the excluded out of the proceeds of a levy to be added to the price charged to the consumer is an expedient that is indefensible in principle and pernicious in practice. It is a capricious and arbitrary form of regressive taxation. Where extra money has to be found for the payment of compensation and it cannot be taken out of the profits of those who remain in business, it should come from the Exchequer. To insist on this principle will, incidentally, ensure that compensation is paid only where there is genuine necessity for it.

Another set of questions arises out of the effect that the new policy, and its post-war corollaries, will have on the future organization of industry. The war has already very powerfully reinforced the previously existing tendency towards the "combination" of industries. For negotiating with the Government about output quotas or raw material allocations, for forming export groups, and now for devising concentration schemes—for all these purposes industries have been encouraged and compelled to regard themselves more and more as centrally directed and co-ordinated units. The Trade Association is already the governing body of the industry and now it bids fair to be the producing organism as well. All this was in greater or less degree inevitable in time of war, and it would be churlish for anyone who has advocated the mobilisation of industry to cavil at it. But for peacetime purposes the wholesale pooling, co-ordination and cartelisation of industry have severe and obvious disadvantages. The mechanism that has been built up in wartime for restricting production might be used in peacetime for the same purpose, though in a very different context. The latest development in the Government's industrial policy makes it more than ever imperative that the distinction between the requirements of peace and war should be clearly drawn, that the growth of monopoly and cartelisation should be very carefully watched, and that the Government and the public between them should devote a great deal of thought, before it is too late, to the problem of post-war industrial organization.

This necessity is enhanced rather than diminished by the tenor of the Government's proposals for restoring the *status quo*. There is to be a register of displaced firms and the Government are to "take all measures open to them" to assist in the reopening of these firms. These assurances are only reasonable. But what may they be taken to mean after the war? May it not be contended that newcomers in an industry must be kept at bay until every last one of the firms that existed in the industry in 1939 has been restored to production—and even to profitable production? The industries will certainly maintain such a claim and will try to enforce it by every device open to their Trade Associations ; they will certainly invoke the assistance of the law, and unless public opinion is much more enlightened on the issues at stake than it has shown itself to be in recent years, the post-war Board of Trade will consider nothing more natural than to establish a *de jure* monopoly for the pre-war firms in these industries just as tight as the *de facto* monopoly which many other industries have already succeeded in establishing. The vista of restriction, of monopoly profits, of the discouragement of enterprise and the support of inefficiency thus opened up is frightening in the extreme. It may be true that there is nothing that can be done about it now—unless it is insistence upon

a rigid time-limit for the exercise of these special post-war favours. But extreme care will be needed immediately the war is over to ensure that those who have had the honour of being mobilised for the community's service do not exercise over the economic life of this country a dominance as restrictive and damaging as that exerted over the political life of other democracies by the "veterans" of their wars.

None of these questionings, however, should detract from the merits of a very substantial advance in the technique of industrial mobilisation. They should not, for example, be held to justify any watering-down or postponement of plans that are already sufficiently mild and tardy. On the contrary, the next need is to extend a policy which is now proposed for a relatively small group of productive industries to the long list of other non-essential trades. As in every other department of the Government's mobilisation plans, the large service trades are still ignored. Distribution, for example, is much the largest reservoir of labour which, though it may not be "factory-trained," could nevertheless quickly be put to munitions work. The next task for the Board of Trade is to devise a plan for the concentration of retail trade.

Salvation by Ships

THE Commons are to debate shipping in secret, for there is something like a revolt in certain circles against the Admiralty. True, it is not the First Lord, but the Minister of Shipping, who is under fire. No critic would question the proved power of the Navy or the world-wide success of its activities to which Mr Alexander drew attention on Wednesday when introducing the Navy estimates. The President of the Chamber of Shipping paid tribute last week to the "ceaseless ingenuity and tireless work" of the Navy. But the charges Lord Rotherwick made touched matters which are the Admiralty's responsibility. He complained that slow ships had been built by the Government instead of fast ones; and that the best use was not being made of the fast ships there are. Actually, commercial shipbuilding is ordered by a department of the Admiralty; the First Lord disclosed on Wednesday that steps were being taken to give the construction of merchantmen the priority given in earlier crises to aircraft and Army equipment. The convoy and routing arrangements which determine the use of ships at sea, as well as the speed of their arrival in port and their times of sailing, are dependent upon Admiralty decisions. The belief of the shipping industry is that private enterprise could have done the wartime job better than public control; and, in their eyes, it is the Minister of Shipping who represents control. They had no alternative but to accept the policy of requisitioning. But they are dissatisfied with the rates of hire they are receiving; and they are discontented because they are not allowed to use insurance payments for war losses to buy in Government-built vessels. The fear of the industry is that, as the volume of privately owned shipping is reduced by sinkings and the volume of publicly owned shipping expanded by new construction, the basis is being laid for nationalisation. The desire of the shipowners, therefore, is to buy off the menace: to use insurance payments to keep up the strength of their fleets by the purchase of Government vessels; and to be paid sufficient in hire to maintain replacement reserves.

These contentions cannot simply be set aside. The trouble is that, at the moment, they tend to confuse larger considerations of national strategy—and security. It is unlikely that the Government has any intention of nationalising shipping and that the present arrangements represent a Macchiavellian means of doing it. Equally, it would be poor business for the shipowners to purchase these new ships at their present high cost. It is even improbable that they would be prepared to do so—without conditions. The fact that the Government requires a portion of the insurance payments for war losses (all over and above the pre-war value of the ships lost) to be pooled in a replacement fund suggests that the official wish is simply to leave the whole question of post-war shipping policy fluid—including the disposal of the Government fleet. If it would allay the industry's suspicions, the Government might at once make it clear that their object is definitely *not* to drive private enterprise out of business. The fears of the shipowners are not unnatural. But the demand for a "shipping man" to run shipping has no more to commend it than any other scheme to insert self-government of an industry into public control. When Lord Rotherwick claims that, if a proportion of wartime building capacity had been set aside for private enterprise, the result would have been a "considerable volume" of faster tonnage, it is difficult to agree. It is true that, owing to the present shortage of escort vessels for convoy work, there is a case for building more ships capable of beating the U-boats by their pace. It is equally true that, as Lord Rotherwick said, it is only now, after eighteen months of war, that attention is being turned to building faster cargo liners. But the reason surely is that the strategic situation at sea has been greatly changed by circumstances which not even the most prescient shipowner could have foreseen when the wartime building programme was devised. When the war started, the Navy was confident that it would provide adequate protection, with Allied aid, for all convoys, and in the first nine months of war its confidence was amply justified. It was perfectly reasonable that plans should be drawn for building ships suited by their capacity and speed for relatively slow trips in well-loaded convoys; and it is very hard indeed to imagine that private shipbuilders would have acted otherwse.

It is arguable, of course, that more foresight might have been shown in the nine months which have elapsed since the fall of France and the defection of the French destroyers. Anti-submarine work by sea and air was outflanked by German bases in Norway and on the Atlantic coast of France, and the problem of protection became harder at the same time as the means of protection became fewer. Even so, no shipowner could deny that the task of altering the character of construction in the shipyards could not have been done suddenly—or without the risk of appreciably reducing output during the transition. While the rate of weekly sinkings was running at several times the rate of building, the chief consideration was inevitably the maximum unbroken flow of new tonnage.

The crux of the matter is the convoy system. The shipowners want faster ships—which would also be more remunerative in post-war trade. The argument is that there are not enough escort vessels, even with the moderately effective aid of fifty over-age American destroyers, to protect an adequate volume of shipments, and that ships in under-protected convoys are simply crowded targets for U-boats, bombers and raiders. Stripped of all questions of industrial interest, the case has much to commend it. It is a question of making the most effective use of the limited naval protection available—and the limitations imposed by growing commitments in the Mediterranean and the Far East are themselves considerable. The alternative policy of sending single ships at full speed along defined "sea lanes" patrolled by destroyers, corvettes and aircraft has been suggested as the best means of making the fullest use of the available means of protection as well as of the merchantmen's own mobility. It would apply the principle of dispersal to shipping.

But these arguments do not by any means clinch the

matter. The fast ships which went unconvoyed across the North and South Atlantics last autumn did not fare too well. A "sea lane" is a tempting target for the enemy as well as a chain of convoys. A vessel engined to do 17 or even 20 knots, the speed needed to be sure of safety from submarine attack, has correspondingly less space for cargo. Finally, and in a sense most important of all, no revolution in building policy now will affect the issue much in the next few critical months. Britain's trade and American aid must stand or fall in these months by the convoy system, because by far the greater proportion of tonnage is too slow to play "devil take the hindmost" with any security. It may be reasonable to do as the shipowners wish and lay down faster ships. The solvent of difficulties is a full flow of new and suitable ships. But, before these greyhounds come off the stocks, the impending crisis at sea may well have been settled.

It is not easy, then, to make the case against the Admiralty convincing. There may sometimes have been an undue conversatism; but, for the most part, the Navy's record must be allowed to speak for itself. The shipowners have, of course, every right to be heard. They are expert and experienced in their trade. In the detailed working of ships, their voice should carry most weight; and, under requisitioning, they do in fact manage all ships. Their claim that fast vessels should not be used on trips which slower ships could do quite safely is sound. Their complaints about the needlessly long time taken to assemble convoys and then to disperse the component ships to their destinations merit examination—by the Admiralty. The validity of their protests against the delays at the ports in handling goods and loading and discharging ships has been conceded by Mr Bevin's statement that he hopes that his scheme for reorganising dock labour will speed-up the turn-round of ships by as much as 40 per cent. Their proposal for a special department to be set up—as was done in the last war—to be responsible for repairs raises an extremely important question, because the rate of damage in this war, owing to the advent of the bomber, is high.

The present position is far from comfortable. Lord Chatfield has recently said that, for a short time at least, losses at sea may be alarming in the near future, and by far the greatest danger to these islands is the threat to shipping. It is excellent that there should be critics ready and able to speak their minds about the delays, at sea, in port and in the repair yards, which make loss of time almost as damaging as loss of actual tonnage. But it is important that their criticisms should be accurately drawn and delivered to the right addresses—not only to the Ministry of Shipping, or even the Admiralty, but to the whole governmental gamut involved, to the Ministries of Transport and Labour, to the Railway Executive Committee, to the Import Executive of Ministers which presumably decides the use of shipping space and to the War Cabinet itself. Simply to replace Mr Cross by some shipowner congenial to the industry would not be any remedy. It might only add fuel to the suspicion—possibly an unworthy one—that, in this discussion, shipping reform means security for the industry almost as much as it means salvation for the State.

Vichy's African Colonies

THE "new order" has functioned long enough for the main outlines to be visible through its smoke-screen of propaganda. Its most marked characteristic is a capacity for stripping any country included within it of all its economic wealth and for persuading the unhappy peoples to accept in return Reichsmark, *Reichskreditkassenscheine* or other equally illusory claims on the German Government's final ability—or willingness—to pay. Since, however, the essential nature of *Wehrwirtschaft* is to transform real wealth into armaments, guns or paper money remain in the last analysis all that Germany has to offer.

Nowhere is the inflationary effect of Germany's policy of spoliation more apparent than in France. The industrial areas and the best agricultural land are in occupied France. A Chinese wall separates the Vichy rump from the rest of the country. A high percentage of all the harvests of 1940 was requisitioned—in the case of sugar beet the percentage was 100 per cent. What is bought is paid for either in Reichsmark or in *Kassenscheinemark* fixed at the entirely arbitrary rate of 20 francs to one mark, both currencies representing claims on German supplies which either do not exist or will never be made available.

All this is familiar enough. It is sometimes forgotten that the economic disasters of France were bound to have important repercussions in the French colonies. Algeria and to a lesser extent Tunis have virtually a Customs Union with France, although Morocco, under the terms of the Act of Algeciras, gives equal economic opportunities to all countries. Further afield, a policy of "assimilation," that is again a virtual Customs Union, was applied in 1928 to a number of French colonies, including Madagascar, while French West Africa, like Morocco, was covered by various international agreements safeguarding the Open Door. Even so, the percentages of France's share in her colonies' foreign trade in a normal year were very high. In 1937, she provided 76.6 per cent. of Algeria's imports and took 81.1 per cent. of the exports. For Tunis the figures were 59.9 and 57.2, for Madagascar 73.5 and 77.6, for Morocco 31.6 and 46.9, for West Africa 44.2 and 78.8.

France's trade with her colonies has been, with few exceptions, the normal exchange of an industrialised metropolitan Power with its semi-developed colonial dependencies. Grain, vegetable products, grasses and a limited range of raw materials—including iron ore and pyrites, lead, zinc and phosphates (of which North Africa produces 50 per cent. of the world supplies)—were exchanged for textiles, machinery, fuel oil, coal, cement, tea, sugar and other commodities. In all these France has been the leading market and source of supply. On the whole, the balance between exports to and imports from France has remained fairly steady when allowance is made for the extent of French investment in the Empire. About five milliard francs were invested in Algeria between 1930 and 1935 alone, and total French investments in Morocco have been put as high as 30 milliards.

This situation of interdependence was radically altered by the French collapse last June. The Armistice created the unoccupied zone, which through its Mediterranean ports—above all, Marseilles—was in independent contact with French Africa. Nevertheless, the whole basis of the interchange of goods was destroyed, for France had nothing more to give. Even the industries in occupied France were working short-time or not at all. Economic life in the regions immediately accessible to the colonies—in Vichy France—was barely functioning at all. Nevertheless, goods continued—and still continue—to arrive at Marseilles from Africa. The colonies cannot break off the trading habits of over a decade, especially when there is no obvious alternative market. Yet there is this great difference. The old balance between imports and exports is lost. For the first time, the goods arriving in Marseilles far exceed the cargoes leaving the port. Moreover, there is strong evidence to show that the Germans take a sizeable percentage of any supplies reaching Marseilles.

In other words, trade between France and her colonies is conforming to the general pattern of German Europe. The French colonies are sending foodstuffs,

wine, meat and fats, vegetable oils, phosphates and other materials to France. Of these supplies the major part finds its way either to the markets or the reserve stores of the Reich. A little is left for France, but in either case the problem of payment is shelved. Germany may have permitted a shipload of goods here and there to return to the colonies, but while the balance is, from the colonial standpoint, what is known in usual terminology as "favourable," it is in fact as "favourable" as, for example, Denmark's balance with Germany, and for the same reasons. In return for the steady draining away of all economic resources, the only payment takes the form of mounting franc balances in Vichy France—and a franc balance, thanks to Germany's inflationary policy, is nothing but a nebulous claim on a still more uncertain future.

As for any attempt to bring up the exchange of goods to its old balance, Germany has not the will nor Vichy the capacity to do more for the African dependencies. Even if goods were there—which they are not—traffic problems would almost certainly baffle any serious attempt to satisfy the colonial markets. Both road and rail transport in unoccupied France are hopelessly disorganised.

It is, therefore, not surprising that the North African colonies are already beginning to show distressing symptoms of the "new order" contagion. There are severe local shortages of fuel. Rationing is under discussion. The oil situation is serious. There is, in short, a repetition in Africa of the conditions of privation and discomfort which are the rule in Europe to-day and which must prevail in any territory harnessed to the hungry and sterile German war machine. That the Germans intend this state of tutelage to be permanent is illustrated by the presence in North Africa of German economic "experts" and technicians and persistent rumours that Germany is preparing to buy out French shareholders in North African concerns, a transaction which, thanks to the gross over-valuation of the mark, would amount to virtual expropriation.

If the North Africans are not aware of the extent to which they are being exploited for Germany, it should be the aim of British propaganda to bring home to them the nature of the "new order." The colonies are not under the same intolerable military necessity as the subjugated nations of Europe. The Mediterranean ensures them freedom of movement, and it is not the case that trade with Vichy France—which is to a very great extent trade with Germany—is the only possibility open to them. Both their real political and their real economic interests lie elsewhere.

Great Britain could put an end to the draining away of French Africa's resources through Marseilles. There is a market in this country for the grain and vegetables and perhaps the wine of Algeria and Tunis, for the great supplies of phosphates from all three North African territories, for Algeria's esparto grass and for the colonies' iron ore, zinc, lead, mercury, and antimony. Unlike France, Britain would be able and, unlike Germany, willing to restore the old exchange of primary products for manufactures and fuel. Even where textiles and machinery and coal and oil could not be directly supplied, payments made in sterling would open overseas markets to the French colonies. Transport difficulties would remain, but the use of the seaways of the world could be guaranteed to those ships of the French merchant fleet which agreed to the new dispensation, British shipping would be saved if products formerly carried from remoter continents could now be obtained from Africa, and American merchantmen would not be entering the prohibited zone if they came to the colonies' Atlantic ports.

The economic possibilities opened up by collaboration with Britain are not vague hopes and generalisations. In the arrangements made by the British and Free French authorities for Equatorial Africa the French in Africa have a working example before them of what can be done. The franc has been stabilized at 176⅝ francs to the £ sterling and the British Government has made certain advances to cover the colony's immediate requirements. Before the collapse in France Great Britain had already undertaken to buy up one-third of the cocoa supplies, half the coffee, and a number of other products, including timber. The principle has now been extended. The whole of the 1940-41 crop of cocoa in the Cameroons, of cotton in French Equatorial Africa, and of palm kernels in French Congo will be purchased, and in the meantime existing cotton stocks, hides, skins, beeswax, and glue have been bought up. In return essential supplies, including mineral oils, are coming into the colonies and a more comprehensive trade agreement is under negotiation.

What has been done for the relatively poor and undeveloped Free French territories could be extended to cover the more prosperous colonies with even greater effect. The shortages which have already appeared will not grow less. It is not part of Germany's plan to allow her dependencies to enjoy more than a subsistence level, and so long as the French African colonies continue their one-sided trade through Marseilles, their status as Reich dependencies is determined—a ludicrous situation, for, without suffering the military necessity which compels Europe to submit, they are accepting ultimate political servitude and very immediate economic disaster when freedom and stable trade can be had for the asking.

Wives and Children

A PROPOSAL by the Bishop of Winchester for the institution of a national system of family allowances was refused by the Government on Wednesday in the House of Lords, on grounds of public expense. The position of large families in poor households under wartime conditions, however, remains a pressing social problem. One way of ensuring that the curtailment of civilian consumption would be fairly and evenly spread among all persons would be universal conscription for service, at fixed scales of money remuneration, together with the issue at fixed prices of a basic family ration. Actually, it has been decided to retain the apparatus of wages and prices, mainly competitively determined; and there is no guarantee either that the reduction of real income will be even approximately equal, or that actual privation will not be felt by those people whose ability to compete in the market for consumption goods is restricted by some wartime factor which reduces their earning capacity. There are many such factors—the conscription of wage-earners into the armed forces, the disablement of wage-earners through air-raid injuries, the evacuation of women and children, which may add appreciably to the total cost of living of families, the measures adopted to reduce employment in non-essential industries and the conditions of remuneration provided at Government training centres.

In the round, the problem has not been faced. But it has not been possible to blink privation entirely; and the result has been a series of allowances and rates of compensation to counter family hardships. The principles on which these payments are based is difficult to discover; and the wide variations shown in the tables in this article show sufficiently that there is no common measure of compensation or need. In theory, three possible aims might be sought. In the first place, an attempt might be made to maintain pre-war money incomes by making

up, say, the difference between previous earnings and Army pay, leaving the rise that has taken place in prices as a crude way of curtailing consumption. Secondly, all that might be attempted might be to make subsistence possible; sheer need would be the yardstick. Thirdly, and more drastically, a wide system of graduated allowances might be used to bring about equality of money incomes in spite of differences of money wages—a common family ration of expenditure and consumption.

On the whole, in spite of large discrepancies it appears that the authorities have chosen the second way—the mere prevention of destitution. The administration of allowances to wives, adult dependants, and children is in the hands of many different Government departments. The following are the standard weekly allowances for adult dependants of soldiers (also sailors and airmen), trainees, and unemployed.

	Weekly allowance for adult dependant
Soldier	18/–
Government Training Scheme	15/– (30/– if worker is away from home)
Unemployment Benefit (General Scheme)	10/–
Unemployment Assistance	8/–

The soldier's wife may receive up to 24s. in special circumstances and in addition she is allotted 1s. a day from her husband's pay. Under the Government training schemes the worker receives, if he is away from home, a lodging allowance plus 8s., so that he and his wife actually handle 38s. weekly; if he lives at home he is allowed 26s., and the couple receive 41s. to spend. The allowances for soldiers' wives have often been criticised as inadequate—yet they throw into sharp relief the conditions of unemployed workers (whose personal benefit is 20s. per week). Allowances for the dependants of war-victims vary with the kind of injury sustained.

	Pension	Wife's allowance
Non-regular aircraftsman (100% disabled)	33/6	5/–
Air-raid victim (100% disabled)	34/2	8/4
Air-raid victim (receiving hospital or other treatment)	25/6 (married) 11/– (unmarried)	

Measured by the difference between the allowance for married and unmarried men injured in air-raids, the wife's allowance in the case of victims receiving hospital or other treatment is 14s. 6d. per week; and the outstanding feature of these two tables is the obviously haphazard and discrepant assessment of a wife's needs.

A comparison of children's allowances shows the same surprising discrepancies. The following table gives the allowances for evacuees and the children of soldiers (in this case, the allowances are the same for sailors and airmen), workers in Government training centres, and the unemployed.

ALLOWANCES FOR CHILDREN

	One Child	1st Child of several	2nd Child	3rd Child	4th (and each additional) Child
To host of unaccompanied evacuee (aged under 10)	10/6	8/6	8/6	8/6	8/6
„ (10 to 14)	10/6	10/6	10/6	10/6	10/6
„ (14 to 16)	12/6	12/6	12/6	12/6	12/6
Soldier	7/6	7/6	5/6	4/–	4/–
Government trainee	4/–	4/–	4/–	3/–	3/–
Unemployment Benefit (Insurance)	4/–	4/–	4/–	3/–	3/–

The payment for evacuee children is, of course, higher, because it includes overheads which can be presumed to be already covered in the case of children living at home. Allowances for evacuee children, after the first, run at a flat rate for any number. In the other cases, they fall as the number of children to be kept increases. Even here, Service departments differ from the Ministry of Labour in their estimation of the point at which these "economies of large-scale production" begin to have effect. In the allowances for soldiers' children the rate is cut for the second child and then again for the third, while for the children of trainees and the unemployed there is no reduction until the third child. The explanation probably is that to the Services sex differences do not exist, while the other Departments recognise the possibility that a family may consist of one boy and one girl. It is not easy to understand why the first child of a worker training for munitions production should have to be kept on 8s. 6d. a week less than the child of a man training to fight. And the same really applies to the children of the unemployed, though no doubt the reason here is the principle of "less eligibility," the idea that unemployment must be made less remunerative than the worst-paid work—and it is probable that the notion that training centres are still primarily places for the unemployed, and therefore also committed to "less eligibility," accounts for the other anomaly. The payments made by the Unemployment Assistance Board are different again; they vary according to the age of the child—from 3s. weekly for a child under five years of age to 6s. for a child from 14-16. Allowances are also paid for the children of men killed or disabled on active service, and for the children of air-raid victims, killed or injured.

	1st child	2nd	3rd	4th (and each subsequent child)
Air-raid victims (receiving hospital or other treatment)	4/–	4/–	3/–	3/–
Air-raid victims* (100% disabled)	6/3	5/–	5/–	5/–
Airman's pension (100% disabled)	5/–	3/4	3/4	Nil
Airman's orphans under 16	5/–	5/–	5/–	5/–

* Where wife is still alive.

It is true that a man receiving treatment for an air-raid injury may be expected to return sooner or later to remunerative work. But it still seems unjust to penalise his children, as compared with those of a completely disabled man, during the period of his enforced absence from any work. Again, it is reasonable that orphans should receive slightly higher allowances than other children, because a new home must be found for them; but it is difficult to understand why they should be cheaper to keep than evacuees.

This is only one corner of the field of war-time compensation. But it is a corner affecting literally millions of families. Even on the bare principle of preventing destitution there is no good reason for these anomalies—set as they are in contrast to a background of increasing prices and steadily rising wages and salaries; nor is it a comfortable study to compare some of these "hardship grants" with the minimum sums judged by experts to be necessary for the maintenance of mere health. Apart from fixed charges and other commitments, no family has any right to more than an equal sufficiency; and no family can fairly be given less. Social justice and economic expediency alike would seem to require a nation-wide family ration of expenditure and consumption which would be small enough to reduce total civilian expenditure to the extent war economy demands and large enough to maintain every family in decent fitness.

COMMERCIAL HISTORY OF 1940

The 78th issue of the annual Commercial History will be published as a Supplement to **The Economist** of March 15th. As usual, the Commercial History will provide a concise summary of the economic landmarks of the past year, both in Great Britain and in the world overseas. In particular the Supplement will deal with the change-over from a peace to a war economy in Great Britain.

NOTES OF THE WEEK

The End of Bulgaria

With the entry of German troops on March 2nd, the immediate fate of Bulgaria is no longer interesting. Her King and Government have decided that unconditional surrender to the German invader is the only means of keeping Bulgaria out of war. Britain has broken off relations, and it remains to be seen whether their calculation is correct. It is in the wider sphere both of the Balkan and European war fronts that the consequences of Bulgaria's surrender become significant. In the Balkans, the position of Greece is obviously jeopardised. The Germans are determined to put an end to the daily scandal of Italy's performance in Albania, and they do not do things by halves. Their troops have already occupied the Greco-Bulgarian frontier. An immediate move on Salonika will perhaps be delayed in the hopes that intimidation and not attack will bring the Greeks to "reason." It is possible, too, that Hitler wishes to make absolutely sure of Jugoslavia before launching an offensive. There should be little difficulty here. It is true that the Jugoslavs have forty well-trained divisions, and that the Serb fighting spirit is not negligible. But Germany's move into Bulgaria has placed the Jugoslavs in an impossible strategic position, and there is evidence that as a result of the recent negotiations conducted by the Jugoslav Prime Minister and Foreign Minister in Germany, German war material has already been reaching Bulgaria across the Jugoslav railway system. There is nothing to suggest that Jugoslav official opinion has stiffened since then—rather the contrary. The question of Turkey remains. A direct attack across the Turkish frontier would bring Turkey into the war at once, and Hitler cannot even hope by confining himself to Greece to avoid unpleasant repercussions in Turkey. The nature of the Aegean battle-front makes direct Turkish intervention strategically inadvisable, but in the recent talks at Ankara, Mr. Eden, Sir John Dill and the Turkish authorities reached "complete agreement," and there are more ways, as Egypt has shown, of helping the Allied cause than by immediate intervention.

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In the wider sphere of the war in its European aspect, it is extremely likely that the diversion of Germany's resources to the South-East did not feature in the original strategic plan, and that the necessity of forcing a military occupation upon Roumania and then Bulgaria has been to a high degree unwelcome to the German General Staff. Military occupation has brought a strongly-worded though entirely unaggressive protest from Russia, whose good will Germany is still at some pains to secure. It has, moreover, drawn Hitler's Balkan back garden and his chief supplies of oil into the war zone at a time when Britain's air strength is growing daily. The necessities of defence in this new vulnerable zone upon Germany's flank has resulted in the transfer of important air units to the East at a time when the great offensive on Britain is—or should be—about to begin. For this general disruption of the German plan, Britain is indebted in the first place to the gallantry of the Greeks, and it is fitting that in the person of Mr. Eden, Britain should be with its ally at this time of new decisions and new dangers. Greece is determined to continue the fight, whatever the odds. It is therefore clearly Britain's duty to give the Greeks every aid in its power, whatever the difficulties. The opportunities for air attack are improving with the spring, and when the Luftwaffe appears over Greece the R.A.F. will doubtless welcome the opportunity of transferring their attentions from an air force so inefficient that in one day 26 planes can be shot down without loss to a far smaller group of attackers and so cowardly that it can send its bombers to punish a city already stricken by earthquake. The question of aid in a more extended form has, doubtless, been fully discussed in Athens. If it is Greece's overwhelming interest to preserve its integrity and independence, Britain's need is equally great to maintain intact its last fighting base on the Continent. Honour and interest coincide in the defence of Greece.

Filibustering While Rome Burns

The "Lease-and-Lend" Bill is still making its slow way through the Senate. It would be a mistake to say that it is being discussed and debated there. Everything that can be said for it has already been said at least five times, and everything, reasonable or unreasonable, that can be said against it has been said at least fifty times over. The opponents number no more than one-third of the Senate at most, but they are not scrupling to delay—and, if they can, by delaying to emasculate—the declared policy, on a matter of the utmost importance and urgency, of the great majority of their countrymen. It is known that while Senators Nye and Clark, Johnson and Vandenberg talk endlessly the ordering of munitions for Britain in America is at a standstill, but this does not influence them. It is not a pretty sight. Nor is it democracy, for while the principles of democracy permit the minority to state its case they should forbid it from obstructing the majority. But it *is* an object-lesson to all those who, bemused by the benefits of federation, would import into their constitutions the doctrine of the separation of powers.

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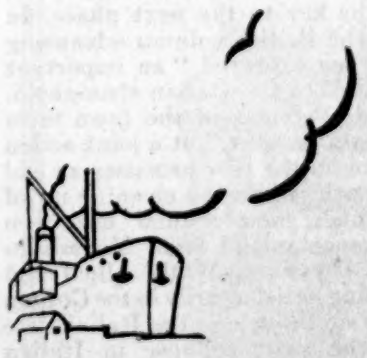
Dock Labour

Further evidence that the reluctance of the Government to adopt drastic labour measures is misplaced may be found in the welcome which the Liverpool dockers are extending to the new dock employment scheme. The country has long been clamouring for steps to be taken to accelerate the turn-round of ships at the docks. At last an experimental scheme is to be inaugurated in the north-western region and possibly extended later to the Clyde, from which Mr Bevin claims —"confesses" seems a more appropriate word—that a 40 per cent. quicker turn-round should be easily obtained. The scheme, which has been worked out by agreement between the Ministry of Transport, the dock employers and the Transport and General Workers' Union, introduces two epoch-making innovations: the direct employment of dock labour by the Ministry of Transport and the abolition of casual labour at the docks. It is voluntary, but men who are unwilling to work under it must surrender their port registration books. It comes into operation at the beginning of the first pay week after March 10th, and every man who accepts work under it must take any employment offered him in connection with the handling of coal or cargo, clearance of débris, fire prevention, or any other work considered necessary for the clearance of the port area, "without stopping to argue or waste time." He is



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guaranteed payment for eleven turns weekly of four hours each, and must, if required, work this amount as a minimum with such additional turns, including Saturday afternoons, as the labour superintendent deems necessary and reasonable. There is additional pay for Sunday work. A system of payment by results will secure remuneration for extra effort. This labour force will be distributed to "approved employers" by the labour superintendent on behalf of the regional port director. Master stevedores, master porters and other "approved employers" will be registered and will have to pay the Minister of Transport each week the gross wages earned by each man, plus a percentage to be credited to the management fund. They must also keep the Minister indemnified in respect of accidents and compensation schemes. They may not make charges in excess of those determined by the Regional Port Director. If the scheme proves successful and is extended, it will constitute one of the major steps in the direction of defeating the blockade and thus of winning the war. If it survives the war, it will mark a very important advance in social organisation.

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Short Sight on Clyde

It is now said that the bulk of the Clydeside dockers may have nothing to do with Mr Bevin's plan to speed-up handling at the ports—though the Minister has said that it is to be extended, with modifications, from Merseyside. There may be good reasons which have not been stated. It may be that the resistance has been exaggerated; and the acceptance of the plan by 600 dockers at Greenock may give a lead to Glasgow's 4,000. But, on the surface, it would seem as if the men of Britain's largest unblitzed port were to show themselves equally oblivious to their own and the country's interests. For generations, British dockers have been under-paid and under-employed. Now, when they are offered a minimum weekly wage of £4 2s. 6d. for 44 hours, whether they work or not, with overtime pay, the Clydesiders, it appears, may refuse—simply because the pressure of work, for the moment, is such that there are plenty of jobs and plenty of pay for all. They claim special rights; and they are said to be unwilling to accept the obligation to work when and where they are asked. Their future, and that of their union, when the present system of casual labour takes on the evil shape of redundancy and only sporadic employment again, are left out of account. They apparently wish to benefit to the full from the national emergency that has dammed up the Clyde with ships in order to work as and when they please; and the aspirations of all dock labour ever since the pioneer days of the eighties are apparently to be flouted. On the other hand, they told the King on Wednesday that they were doing all they could to speed the ships. This may be Mr Bevin's first personal test. Labour troubles have mostly been short-lived during the war because workers' demands have been willingly conceded, but this is one case where, if a dispute were to develop, national well-being—which is wrapped up in ships and cargoes—would require a strong hand from Mr Bevin, in one or the other of his guises.

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The East African Front

In a week of continued successes in East Africa, two operations are probably the key to the next phase. In the campaign in Eritrea, the British column advancing on Keren from the north has captured "an important pass covering the approach" to the Italian stronghold. The natural and man-made defences of the town seem so far to have baffled a frontal assault, but a joint action with an offensive developing in the rear promises an end of the deadlock. In the south, while the cleaning-up of Italian Somaliland continues, new ground has been broken by a British advance inland from Mogadishu towards the frontiers of Abyssinia. While Allied and Patriot activity is developing satisfactorily in the Gojjam area, an advance from the south—where the Italians are already demoralised by the swift collapse in Italian Somaliland—would make the position of the Italian defenders in the north more hazardous, and by opening up the easiest and most straightforward approach to Addis Ababa, catch them in the rear as their comrades have been caught at Keren. In the meantime, the fact that the problems of administering the vast areas which have passed from Italian sovereignty are growing more urgent is recognised in the announcement that those areas now controlled by Great Britain in East Africa are to be placed under the military jurisdiction of Lieutenant-General A. G. Cunningham, the Commander-in-Chief in East Africa. Although General Cunningham will not be faced immediately with a problem on the scale of the Italian settlers in Libya—where the maintenance of Mussolini's agricultural colonies demands a regular outlay on the part of the occupying Power—his difficulties are fundamentally the same: to keep the peace and to render justice in an area where the rival claims of Italian colonists and native tribesmen are completely incompatible. Given the complexity of the situation, it is good news that Sir Philip Mitchell, the former Governor of Uganda and Chairman of the Governors' Conference for East Africa, has been appointed Political Adviser to Sir Archibald Wavell. Sir Philip Mitchell has an unrivalled experience in colonial administration and has a magnificent record of devoted and intelligent service.

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Settlement in Indo-China

Vichy has given way in Indo-China, but only after the Japanese had applied the extreme threat of further war. The Japanese insisted that "with 12,000 Japanese troops in Tonkin, a large air force at Hanoi, and warships off Southern Indo-China," resistance would have been useless, and the French have complied, accepting terms which are manifestly unjust. Some case could be made out by Thailand for possession of part of Laos to which the Thai people have a long-standing historical claim. The session of part of Cambodia has no justification, and France's final readiness to concede it is a measure of the pressure to which Vichy has been submitted. The French, who claim that Thailand was the aggressor are still demanding compensation. Otherwise, the issue appears to be settled, and one more scene in the Japanese "South Seas" drama is completed. Thailand is cast for the part of grateful puppet, and Indo-China for the cowed neighbour. There is little reason to suppose they will not play their parts. Throughout the negotiation Japan has attempted to pin responsibility for Vichy's hesitations upon the warmonger, Britain, and sensational rumours have been circulated from Tokyo concerning an Anglo-Chinese alliance and Chinese aid to the British forces in Burma. These tales are—perhaps unfortunately—only imaginative inventions, but they do betray Japan's preoccupation with the possibility of Sino-Anglo-American co-operation. China remains, as ever, the main obstacle to Japanese successes in other spheres, and it is perhaps with this and Russian support of China in mind that the Japanese and their able collaborators in Berlin are working for a Russo-Japanese understanding. If the Russians thought that a temporary agreement of this sort would entice Japan further south, they might possibly concur. Signs of weakness on our part can only encourage both Japan and Russia, and in this contest Mr. Menzies' speech on Pacific relations was, perhaps, somewhat ill-timed. No one wishes for unnecessary suspicions in the Far East, but Japan's activities are in all conscience suspicious enough.

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Land Use

It is still not clear where the functions of the Ministry of Works and Building will end and those of the wider Ministry-to-be of Reconstruction begin, or what the relation of either will be to the War Damage Commission. In the House of Lords last week Lord Reith shed some light. His task, it seems, is to go beyond bricks and mortar. It will embrace land. The central theme of his statement, in fact, was the "reconstruction of town and country" to co-ordinate industrial, agricultural and transport development; and it is a sign of the times that he was able to take central planning for granted. For over a generation, the advocates of a controlled system of land use which would provide for decent conditions of life, an efficient industry and a healthy agriculture have been swimming against a tide of ugly and wasteful urban and industrial growth.

They were cranks in garden cities. But time was on their side. Neither in beauty and healthfulness nor in convenience or even economy did towns and industries justify their unfettered progress; and on the eve of the war, the Barlow Commission wrote *finis* to wrong thinking. Depressed areas; congested cities; the destruction of rural wealth and country amenities: by then these were plain enough evils for the Commission to call, with some caution, for the community to do something about them. The war itself added pointed riders. People and industries began to move for safety. Transport creaked. Cities were bombed. Ideas, too, unfroze and the gospel of the cranks was seen to be something strangely like common sense. Lord Reith's first job is to furnish the conditions for building up what has been broken down. The mere allocation of labour and materials for building is a duty that will outlast the war. But, even if hopes are likely to run far beyond achievements, the researches of Lord Reith's Ministry into the redevelopment of Coventry, Bristol and Birmingham and into the rôle of compensation and land values in the process of restoration, based as they are on the conviction that the use of land henceforward will be guided by the State for the people, can put a solid bottom into the reconstructed society which Mr. Greenwood and his satellites, in consultation with other Ministers, are sketching out.

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Protecting Members' Seats

As Mr Churchill had said that a division on the House of Commons Disqualification (Temporary Provisions) Bill would be regarded as a question of confidence in the Government, no division was made, and the Bill has now gone to the House of Lords. A great many members of the House of Commons are still uneasy, however, in spite of the decision to appoint a Select Committee to inquire into the whole problem of offices or places of profit under the Crown, both in normal times and during a war. In the two debates, it was generally agreed that the present position is full of anomalies, not the least of which is that the simple test of remuneration does not apply: a Steward of the Chiltern Hundreds, for instance, is unpaid, but the office is the classic cause of disqualification; members "resign" by accepting it. The two main objections to the Bill are that it might disfranchise constituencies and weaken the House of Commons in its essential function of criticism. But the argument of disfranchisement can hardly carry conviction at a time when Parliament has exceeded its normal span of years, when by-elections are suspended, when new Ministers, who had no expectation of, or wish for, a political career, have to be found seats, and when local grievances and desires must give way before the national interest; and the only reason for fearing any weakening in the power of the Commons to criticise the Executive would be if it were seriously thought that the Government might try to pack the House with nominees and placemen. Actually, as Mr Churchill said, "There never has been a Government which had less need to hire or suborn Members of Parliament to vote for them than this present Administration at this actual time." Any appointments made must, to be covered by the Bill, be in the public interest for the prosecution of the war, and a certificate to that effect must be obtained from the First Lord of the Treasury and laid before the House. There will, therefore, be ample opportunity for Parliament to watch for and condemn abuses.

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Placemen?

The White Paper (Cmd. 6255) giving the extra-mural activities of members of both Houses of Parliament certainly lends no support to the view that assisting the Government in Whitehall precludes criticising it at Westminster. It includes Mr D. N. Pritt among the 150 names of members helping the Government in a civil capacity, and no one could say that Mr Pritt's membership of the Colonial Penal Advisory Committee has ever tempted him away from the Opposition lobby. The women members, with the exception of those with Ministerial duties, have been mobilised *en masse* to advise the Minister of Supply on salvage, but Miss Rathbone, to take only one example, voted against the Government after the debate on the *Daily Worker*. Members on the Advisory Council on Aliens include some who have been most critical of the Government's internment policy. The fact is that at no time, but particularly not in war, will an able back-bencher be content with merely sitting and voting in the House of Commons, and his chances of Government office are slight, especially since the modern tendency is to shuffle Ministers about rather than to drop and replace them. If Parliament is to attract the best men and women, they must have the chance to display their talents, and the practice of employing women members on committees where feminine talent can be given scope, medical members on committees advising the Minister of Health, and business men either in advisory or executive posts in the production Ministries, helps to rectify the balance which is otherwise heavily weighted against the employment of brains. Nor can it be seriously contested that constituencies dislike their representatives to indulge in non-Parliamentary activities. From the earliest days of Parliamentary representation, boroughs tended to return as members persons of importance and quality who could be relied upon to stand up for local rights, and electors now must surely see that their interests are best served if their representatives are, in Mr Churchill's words, "active living personalities."

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The Safety of the Union

The South African Government has struck at the Ox-wagon group. No Government servant, including railway workers, will in future be allowed to belong to this two-year-old organisation of racial extremists. This is not a question of democratic freedom. It was only confirmation of a supposed connection between the Ox-wagon group and the kindred racialism of Nazism that a recent raid on their headquarters discovered Nazi uniforms, arms and explosives; and it is obviously impossible in time of war to tolerate a para-military troop in line with the enemy. The claim of Dr Van Rensburg's followers is that the Ossewabrandwag (Ox-wagon sentinel) is purely cultural. Actually, even apart from its hidden military character, the group is in overt opposition to the war. It was the Ox-wagoners' attitude to recruitment which provoked soldiers on leave to the February riots in Johannesburg; and, although the soldiers were very properly punished for taking the law into their own hands, the impossibility of allowing the Ox-wagon group to continue scheming to take it out of the hands of Parliament and the people was made plainer than ever. Power was taken to deal with subversive associations and unauthorised drillings. The majority of General Smuts's numerous opponents, who also oppose the war, refuse to march with the Ox-wagon, and there will be widespread agreement in the Union that no community can foster within it the seeds of its own disruption.

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War Claims Delay

Having passed the War Damage Bill, the House of Commons might well remind itself that the object of insurance is to obtain an indemnity for loss or damage,

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and that a policy of insurance, however carefully drafted and beautifully printed, is of little value unless claims are settled promptly and reasonably. It is necessary to emphasise this elementary point because holders of Commodities Part 2 policies have had anything but a satisfactory experience in the handling of their claims. In a number of cases, months have passed even before an assessor called to look at the damaged goods, and the insured could do nothing but stand by the damage and grumble as he waited for the assessor's visit. Thereafter there is often a considerable delay before any payment is made on the assessor's report, and more months go by with the insured out of his money and often seriously embarrassed. What is happening at the Government end all this time nobody knows. The claims are like a river which disappears underground, but will probably come to the surface again in God's good time. There are not enough firms of assessors being employed, and there is no reason why the numbers should not be increased by surveyors not usually engaged on fire claims. There may be a hold up at the Board of Trade after the assessor has reported. There is believed to be a considerable hold up after that at the Treasury. Nor is this a special instance. Claims for ships and cargoes totally lost six months ago are only now being settled. No insurance company could keep going for five years if it treated its fire claims as the Government has been treating these claims for air-raid damage.

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Muzzles for the Muses

The British Broadcasting Corporation is noted for the benevolent despotism and self-conscious respectability which are characteristic of an institution which, from small beginnings, has got on in the world. Nevertheless, it comes as a shock to learn that the strict supervision which has hitherto been mainly confined to the manners and morals of the Corporation's own staff has now been extended to the "politics" of its hired performers. The programme of the recent so-called Peace Convention was drawn in sufficiently general terms to attract the signatures of a remarkably diverse collection of possibly generous minded but certainly most undiscriminating people, including a batch of actors, band leaders, musicians, producers and authors who are well known on the stage and over the wireless. The ukase has gone forth. They are not to broadcast again. It will be admitted that the suppression of anti-war activities is necessary in wartime, and it would at once be conceded that the B.B.C., holding as it does a monopoly of the air, would have the right, even the duty, of refusing to permit the broadcasting of anti-war speeches or propaganda. But these are not speakers. Nor, so far as can be ascertained, are they propagandists or active politicians in any way. Over the air, they are performers pure and simple—some of them artists of distinction—and the fact that they may be sadly woolly-minded in their off time hardly seems the concern of the B.B.C. It may well be, of course, that the B.B.C. has not been a free agent in this matter. But, even if official wires have been pulled, the necessity of suppressing speech and opinion in wartime is too unfortunate for petty oppressions to be indulged in when they are neither necessary nor reasonable ; and all the B.B.C. has done in this campaign, which began with a stupid ban on the famous if pacific conductor of the Glasgow Orpheus Choir, is to bring the Corporation into line with the self-important private firms and local authorities who have taken upon themselves the privilege of exercising a tyrannical intolerance which the Government itself, on behalf of the community, has expressly repudiated.

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The Price War

It has always been the aim of trade associations to make price-cutting a crime. Trade journals and association officials are now pointing out that the war has almost done this by limiting supplies and imposing quotas. The results of the harsher side of war have been twofold. Bombing has driven small price-cutters out of business because of loss of business or stocks. But it has made traffic in stolen goods much easier, so that the one corner in which price-cutting can still flourish is criminal in law as well as in the eyes of "respectable" traders. The *Chemist and Druggist* calls for constant vigilance, nevertheless, on the part of the Proprietary Articles Trade Association in maintaining prices and margins; and the community will expect equal vigilance by its representatives to see that consumers do not suffer from this commercial clean-up.

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Loyalties Again

A Note in *The Economist* last week pointed to the practical problems arising from the fact that the Home Guard is enrolled on a voluntary basis and not enlisted under orders. The same difficulties arise in the case of the Women's Services. The ATS, WRNS, and WAAF are full-time bodies, but, like the Home Guard, the only contractual obligation of their members is to give notice before they leave. They can drift away after expensive training. They cannot be disciplined against their will because they can always resign. In general, there has been surprisingly little wastage; but their position, as auxiliaries to the fighting men, is unsatisfactory and anomalous. It is now being openly discussed by ATS high command whether they should not be enlisted and be placed under military law. Certain medical benefits, open now to serving men, would then accrue to the women; and it would be no more unfair to make the change now than it was to embody the men's territorial and auxiliary services when the war started.

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The Statistical Black-Out

The Parliamentary Secretary to the Board of Trade announced in the House of Commons at the end of last week that no further statistics of the overseas trade of the United Kingdom would be published for the duration of the war. The reason given is that even in the attenuated form in which the figures have been issued for the past eighteen months they provide information of value to the enemy. The truth of this must necessarily be accepted. But has the value of the information to the British public also been assessed and a balance struck—or has it been lightly assumed that the only argument for publication is a long-standing tradition of no present value ? The services rendered to the common cause by informed public opinion in the economic sphere have been too great and too frequent to require any fresh emphasis. It may well be that more good than harm would be done, on balance, by risking a little benefit to the enemy if thereby the pressure of constructive criticism on the domestic war effort can be maintained. The overseas trade figures have possibly not been the most informative of the scanty series of figures remaining since the outbreak of the war. But the argument that has been used to suppress them could equally be applied to almost every remaining fact and figure. There are already signs of irritation in the Treasury with public discussion of the Budgetary position. Are the Exchequer returns to be the next victim ?

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Shorter Notes

The capture of Kufra by the Free French was a notable achievement. The attacking forces were few in number and had to face the hardships of a 500-mile desert march on scanty rations. Nevertheless, the few officers with their 100 Senegalese have captured both the fort and about 1,000 prisoners.

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Except in special circumstances, 75 per cent. of the advances made by the Government to local authorities, whose income is insufficient, by reason of the war, for their purposes, will be considered as a grant and will not be repayable. The total sum advanced amounts to £362,000. Applications are also under consideration from the 28 Metropolitan boroughs and 5 other authorities. Joint representations have also been received from 9 county boroughs which have suffered severely from air raids.

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It has been decided to extend summer time by one hour for three and a half months, from May 3rd to August 9th. This will mean that on the longest day the black-out period in London will not start till 10.57 p.m. and will end at 5.12 the next morning.

THE WORLD OVERSEAS

Unrest in the Netherlands

(By a Dutch Correspondent)

March 3rd

THE decline in the Dutch standard of living continues. Many sources of income have dried up; for instance, the total amount of dividend in various forms, which was put at Fl. 122 millions (about £80 millions) in 1939, was estimated to have fallen to one-third in 1940; and the yield of the most important fishing market, Ymuiden, which was Fl. 6,600,000 in 1939, has amounted to barely Fl. 1,000,000 since the invasion. But the fall in the standard of living finds its sharpest expression in the growing shortage of all kinds of commodities of general use. The consumption of bread has fallen by 15 per cent. and of coffee and tea by no less than 60 per cent. The amount of notes in circulation is still rising, so that there are more and more potential buyers of less and less commodities. Despite an extremely elaborate system of rationing—the bread card alone is almost a yard long—black markets are expanding to such an extent that the Dutch Commissioner for Prices and Wages has had to create five special inspectorates to trace offences. To offset inflation the Germans are trying to "sterilise" the floating purchasing power. The old income tax has been replaced by a new wage tax under which the total amount raised is considerably increased. For instance, unmarried people with a yearly income of £200, who used to pay £10 income tax, have now to pay £15 wage tax. The same figures for married couples with two children are, however, £6 and £8. Unmarried men earning £650 a year, who formerly paid £65 income tax, now pay £150 wage tax. The same figures for married men with two children are £60 and £68. The raising of higher taxes is one means of offsetting inflation. Another is the issue of semi-forced loans. In January a ten-year loan of Fl. 500 millions was issued bearing 4 per cent. interest. If it had not been fully subscribed, a forced 2½ per cent. loan would have been issued.

Traffic conditions have improved but are by no means satisfactory. During the invasion of Holland 1,400 barges were sunk. Some 600 have been repaired, but the severe winter has reduced canal traffic to a minimum, at a moment when traffic by rail is more and more curtailed. The use of petrol for private purposes is strictly forbidden. No further permits are issued for the installation of wood-gas generators in motor cars, as wood and timber are very scarce.

If the situation in the big towns is difficult, the farmers are hardly in a better position. The drastic reduction of the number of poultry from 22 million to 7 million was a severe blow for the small farmer. All farmers alike are heavily hit by the requisitioning of about 25,000 horses. The prices of horticultural products have risen and exports to Germany are on the increase, but the position of the producers has deteriorated, as all State subsidies have been stopped. It is important to note in this respect that the guilder has undergone a further devaluation in recent months, as the Germans have decided to raise Dutch prices to the same level as the German.

Financial and material difficulties hamper the reconstruction of the devastated parts of the country. The plans for the reconstruction of Rotterdam, where more than 70,000 people lost their homes, are not yet complete. The compensation scheme for those who have lost everything they possessed has given rise to grave complaints and much discontent. Only the value for sale on May 9th—the day before the invasion—is compensated. This, to cite only one example, amounts to 27 per cent. of the costs of actual reconstruction in the case of Middelburg, where the Germans destroyed the lovely centre of the city by ruthless air bombardment.

If they had not the hope of a German defeat, the outlook for the Jews would indeed be gloomy. As it is, their troubles are increasing. Seyss Inquart decided in October that the appointment of Jews to new posts in the civil service was forbidden. In November, all Jews were dismissed from the civil service—it was against this measure that the students of Leyden and Delft went on strike which resulted in the closing of both universities. In December it was forbidden for all persons of German "blood" to render personal services in households of Jews or where Jews were resident. On January 14th a special registration of all Jews was announced, and it is clear that, given sufficient time, the Germans will enforce the ruthless Nuremberg laws upon the Dutch Jews.

The decline of the standard of living and, especially, the growing cultural oppression have only led to an intensification of the hatred against the Germans and the Dutch Nazis, their willing tools. The *Nationaal-Socialistische Beweging* of Ir. Mussert still gets the full support of the Germans in its attempts to beat the stubborn Dutch into submission. The number of N.S.B. organisations is increasing, and they are always exact counterparts of the German ones. Its Agricultural Front is intended as the nucleus of a Dutch *Reichsnährstand*. Furthermore, a Students' Front has been set up. On many recent occasions, Mussert has declared that he would attain power in 1941. It is possible that the Germans will give him the same position as Major Quisling occupies in Norway, but, if so, the Dutch "Führer" will be in the same precarious position as his Norwegian colleague.

Troublesome Subjects

The members of most of the former political parties maintain a completely passive attitude. But even those who think that the occupation does not necessarily entail complete passivity are whole-heartedly anti-N.S.B. This applies in the first place to the Netherlands Union, *de Nederlandsche Unie*, led by the triumvirate—Linthorst Homan, De Quay and Einthoven. Some months ago, its totalitarian programme was criticised unfavourably in this Correspondence, and it is only fair now to state that the Netherlands Union has developed into a centre of resistance against the Germans and the N.S.B. It has already more than 700,000 members, but its activities are severely curtailed by the Germans. It has not been permitted to form a Youth Organisation of its

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own or a Defence Organisation, nor may it organise big meetings, and it is in order to avoid the dissolution of the movement that the triumvirate has been forced to make many verbal and other declarations of loyalty to the German occupier.

In fact, the Dutch are proving more and more troublesome to the Germans. This applies to the 90,000 or more Dutch unemployed who are forced to work in Germany, 5,300 of whom had returned upon their own initiative by December 1st. It applies no less to the people as a whole. More and more people are convicted on the charge of distributing seditious pamphlets, of listening to foreign broadcasts or of "offending" the German people and its "Führer." In December the first two death sentences were announced on a charge of sabotage. When in January three motor cars of the German *Wehrmacht* were "damaged" at The Hague, a fine of £1,000 was imposed upon a few people who were supposed "to have viewed the action with satisfaction." Last week, serious strikes and disturbances occurred in North Holland. Martial law was declared, and the Germans have imposed heavy fines on the cities of Amsterdam, Hilversum and Zaandam.

But the most irritating thing to the German mind must be the stubborn confidence of the Dutch in an early Allied victory. In an extensive report from Holland in the *Essener National Zeitung* (January 6th) the Dutchman was introduced as *Mijnheer Kannietverstaan*, "Mr Cannotunderstand," who still foolishly believes in a British victory. In a speech at Amsterdam on January 18th, Röver, *Gauleiter* of Weser-Ems, warned the Dutch, saying: "Those who still believe in an English victory are completely crazy." On the same day the *Deutsche Zeitung in den Niederlanden* wrote: "We cannot understand what the Dutch are still waiting for. Germany's victory is a question of fact for anyone who has an open eye for realities."

These German utterances indicate the true sentiments of the overwhelming majority of the Dutch people. Indeed, this majority is perhaps apt to a certain over-optimism. It is reliably reported from Holland that people are sure of a complete German defeat in the coming summer. *Radio Orange*, the Dutch Government broadcast, has warned the Dutch that this over-optimism has perhaps been aroused by the Germans themselves, who are hoping to exploit the disappointment when the deliverance of Europe from the Nazi scourge takes rather longer. It is, indeed, one of the greatest difficulties of propaganda to the enslaved countries to ensure as far as possible that the whole people rises in revolt, not at the first, but at the best, opportunity.

Currency War in China

[FROM OUR SHANGHAI CORRESPONDENT]

January 20th

A NEW phase in paper money circulation by puppet regimes in China opened in January, 1941, with the inauguration at Nanking of Wang Ching-wei's Central Reserve Bank, which immediately started another currency war at Shanghai. The new bank embarked upon the issue of Wang dollar notes, printed in Japan, and declared legal tender for the Japanese-occupied areas of Kiangsu, Chekiang and Anhwei Provinces in Central China. The first week's issue of the new notes aggregated W$6,400,000, and compared but poorly with the Ch$2,000 millions of genuine Chinese currency circulating in Central China, but it was higher than the maximum issue reached within the twenty months of its existence by Shanghai's Japanese sponsored Hua Hsing dollar notes. In the hinterland of Shanghai, Wang Ching-wei officials and soldiers force the new money, in which they are being paid, upon the population, and Wang dollars are quick to trickle into the Western-administered areas of Shanghai, where the Central Reserve Bank opened a branch office on January 20th. Here at Shanghai Wang money may be used as legal tender in the French Concession Courts taken over by Nanking, and in payment of Customs duties as well as of all taxes, fees and dues exacted by the Nanking regime.

Wang's Central Reserve Bank claims a W$100 millions paid-up capital, whereof 40 per cent. is in gold and foreign exchange, but in the absence of clear accounting and trustworthy auditing this is not believed in Shanghai banking circles. The Nanking Government decreed that Wang money should rate at par with genuine Chinese national currency; though the former is not freely convertible at the latter's exchange rate and the Chungking Government has ostracised Wang dollars. The British, American and Chinese banks refuse acceptance of, and the opening of accounts in, Wang dollars, while Chinese exchange firms trade them at a 15 per cent. discount against national currency. Yet Nanking brings strong pressure to bear upon Shanghai Chinese business, and the probabilities are that in the long run the new puppet money will force its way into Shanghai in much the same way as the Peiping F.R.B. puppet currency was forced upon Tientsin. The Chinese National Government has ceased all support of the Shanghai exchange market, and threatens with one or all of three counter-measures —a lowering of Shanghai exchange rates, inconvertibility of Chinese national currency and the issue of new convertible gold notes, and finally the freezing—in co-operation with Washington and London—of all Shanghai balances in Anglo-Saxon banks, with outgoings in foreign exchange to be subjected to a strict permit system.

Counter Attack

Chungking has, in fact, decided to prevent Wang Ching-wei, if not from acquiring with his new money substantial amounts of Chinese national currency, at least from selling the latter against foreign exchange derived from Chungking's reserves. Undoubtedly, the accumulation of foreign exchange at the Chinese national dollar's expense is one of the two chief aims of the Wang paper money issue. The other is the acquisition of easy revenue. Japanese military and business circles for a long time opposed Wang's monetary venture, but Tokyo gave its consent as one of the prices of Wang's signature beneath the treaties between Japan and Nanking of November 30, 1940. However, Wang's note issue has been temporarily limited by Japanese military authorities to a total of W$300 millions, and is allowed to circulate only in the three Lower Yangtze Valley Provinces. The Japanese military refuse access to Wang dollars in Hankow and all Hupeh, and also maintain throughout the Yangtze Valley the circulation of almost MY500 millions of their military yen, now rating at Ch$1.60 and constituting another serious obstacle to Wang Ching-wei's currency enterprise.

Influential Japanese military quarters continue to consider Wang's Nanking regime and its note issue as one of Tokyo's unlucky experiments, doomed to failure, and, therefore, are opposed to allowing him a free hand. Wang, on the other hand, attempts to overwhelm Shanghai and thus to qualify for more Japanese support, and for a revocation of the restrictions now imposed on his regime and his bank. In case Chungking should take one of the counter-measures under consideration, Wang threatens with an enforcement of complete foreign trade and exchange control at Shanghai after the North China pattern, a measure anticipated and authorised in the Nanking treaties of November 30th.

Anti-Inflation Policy in Jugoslavia

[BY A CORRESPONDENT]

February 24th

THE Jugoslav National Bank appears to be taking stronger measures for the defence of the dinar. Dr Radosavljevic, who has been appointed Governor of the Bank, was Governor from 1935 to 1939 and only agreed to come back now on condition that a stronger currency policy should be adopted.

Dr Radosavljevic is especially opposed to the heavy and increasing State demands on the National Bank. Before agreeing to accept the governorship again, he had some discussions with the Finance Minister with the object of obtaining guarantees in this respect. A special committee was constituted to deal with this matter. At the same time, the rise in prices is to be checked by a more stringent credit policy. The price control board was recently attached to the newly-created Ministry of Supply, and its chairman, Professor Javanovic, was appointed a member of the board of the National Bank.

It is not yet clear how the Finance Minister will obtain the greatly increased sums required for the army and for munitions, nor whether internal loans can make up for the reduction in the help to be had from the National Bank.

German Europe

Hermann Goering Reorganisation. — In 1937 the Hermann Goering Works were founded with the relatively small capital of Rm.5 millions. They were intended for the exploitation of low-grade German iron ore after the private industry had refused to bear the risks of high cost production. In 1938 the capital was increased to Rm.400 millions, and an astounding process of expansion into the biggest vertical concern in Germany began. The Austrian *Alpine Montan*, the *Reichswerke Linz*, the armament works, *Rheinmetal*, coal and iron ore mines, building and shipping companies in Czechoslovakia and in Poland were added, when the blast furnaces in Salzgitter began operation in 1939 and 1940. At the end of 1940, the concern had developed into an unwieldy agglomeration of different industries in different countries. The whole complex mass of subsidiaries and requisitioned plants, factories and transport companies has now been reorganised. There is first the holding company, named *Reichwerke H. Goering*, presided over by Goering and managed by Secretary of State Körner. The producing, manufacturing and other companies have been grouped as follows: coal, ore mines and iron and steel works form one group under the name of *Reichswerke für Berg und Hüttenbetriebe* ; armaments and machine works; and all the shipping companies chiefly engaged in the Danube shipping. These three groups form the largest German armament concern, employing some 600,000 workers in Germany. Shortly after the reorganisation the *Alpine Montan*, which formerly belonged to the *Vereinigte Stahlwerke*, the biggest private coal and steel producer in Germany, increased its capital from Rm.40 millions to Rm.180 millions.

*

Foreign Workers in Agriculture. — At the beginning of the war, the shortage of workers in Germany's agriculture was officially estimated at 700,000. In the middle of January, 1941, the *Reichsarbeitsblatt*, the German Labour Gazette, stated that since the beginning of the war, 1,390,000 foreign workers had been employed in Germany's agriculture. Of these 828,700 are Polish and French prisoners of war, and the rest comprises 469,000 Polish civilians, 47,000 Italians, 32,000 Slovaks and small numbers of Hungarians, Yugoslavs, Dutchmen, and Flemish workers from France and Belgium. Employing prisoners of war is naturally a temporary measure, and is coupled with an intensive training scheme for skilled agricultural workers, especially for the dairy industry. A special scheme has been developed which will ensure that all agricultural workers now serving in the Army will return to their occupation.

*

Oilseeds in Denmark. — Normally, Denmark consumed roughly 90,000 tons of vegetable oils annually, all imported from overseas. Denmark had a large oil crushing industry with an output of vegetable oils exceeding her consumption. A plan has now been made for cultivating oilseeds on a large scale sufficient to cover Danish home demand. It is planned to cultivate 300,000 hectares with oilseeds, an area roughly one-tenth of the country's entire arable land. There are also schemes for establishing plants for producing fertilisers.

*

Coal, Iron and Steel in Belgium. — In October, 1940, the Belgian coal mines reported an output of 2,540,000 tons against 2,230,000 tons in September. In April, 1940, output reached the record figure of 2,990,000 tons. Output per man-shift has hardly changed from September to October. It amounted to 736 kilogrammes, which is considerably lower than in 1939. The number of workers in October, 1940, was 126,521. Pig iron and steel output is still far from normal. Output of pig iron in October, 1940, amounted to 116,300 tons against 255,900 tons in October, 1939. During the first 10 months output of pig iron amounted to 1.5 million tons against 2.5 million in the corresponding period of 1939. The output of steel ingots for the same periods was 1.55 million tons and 2.43 million tons respectively.

Shorter Notices

"Economic Fragments." Essays in Monetary Theory. By D. H. Robertson, P. S. King (London). 234 pages. 11s. 6d. net.

In 1931 Professor Robertson published a collection of the most important of his writings up to that time under the title of "Economic Fragments." In this book he repeats the process for a further decade. With the exception of the first of these essays, entitled "Mr Keynes and the Rate of Interest," which derives from lectures given at the London School in the summer of 1939, all the contents of this volume have been published at least once previously. The collection is, to say the least, very welcome. That it should be possible is no mean test of Professor Robertson's consistency of thought and his judgment in publication. Nevertheless, it is not the book most of us would have preferred. Professor Robertson stands with the greatest among economists of our day, but not since the revision of "Banking Policy and the Price Level," made in 1932, have we had the benefit of his mind and judgment in a continuous argument. Professor Robertson is a great teacher, with a commendable preference for finding the truth about a subject rather than maintaining any thesis of his own ; and alike in the broad surveys contained in this book—Modern Monetary Controversy, The State and Economic Fluctuation, British Monetary Policy, The Future of International Trade—and in more detailed studies like the first essay, his first concern is that we should get problems clear, positions charted, methods stated and terms defined. But Professor Robertson also has his own position in the search for a just mean between the treatment of industrial depression as a mere coil in "the snake" of symmetrical oscillation and as a symptom of "the worm" of mortal disease; and he has his own method—a dynamic technique which, though a legitimate child of Marshall's day, is also a blood-brother of the Swedish approach. Both require and deserve an independent expression of greater dimension than those of a single essay. Professor Robertson is an architect in firm foundations, fine lines, balanced proportions and lively decoration. But these essays are only preliminary sketches of his analytical structure ; and now Government priorities have prohibited the erection of the real building until after the war.

Books Received

Trade Unions Fight—For What? By H. Tracey. (London) Routledge. 222 pages. 5s. net.

Flight to Victory. By R. Walker. (Harmondsworth) Penguin Special. 126 pages. 6d. net.

True and False Democracy. By N. Murray Bulter. (New York) Charles Scribner's Sons. 111 pages. No price stated.

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THE BUSINESS WORLD

The Stock Exchange in War

IN time of peace, the Stock Exchange performs three or four main functions. It furnishes an apparatus by which savings can be invested in a form attractive to the saver and can be "dissaved" if he desires. It canalises the flow of capital into industry or national or local Government service. This it does directly through the "new issue market" and indirectly through the mechanism it provides for speculation, which is especially valuable in enabling new discoveries and inventions to be commercially developed. And it plays an important part in foreign exchange and the settlement of international indebtedness.

In war-time, the activities of the Stock Exchange in all these departments have been seriously cribbed, cabined and confined. So far as the last-mentioned is concerned, they have, indeed, virtually ceased. Thanks to foreign exchange control, to "trading with the enemy" ordinances, to censorship and postal delays and to shipping risks, London has for the time being practically ceased to be an international market in securities. As for the settlement of Britain's debts to other countries, while for a time the services of the Stock Exchange were available for the sale abroad of American dollar and other overseas securities, on condition that the foreign currency proceeds were placed at the disposal of the British Government, this type of business has now practically come to an end.

The Government, by requisitioning from their owners British holdings of many hundreds of different American and Canadian bonds and shares and itself undertaking their sale, has by-passed the Stock Exchange, though this institution has of course enjoyed the not inconsiderable solatium of being entrusted by the ex-owners of these holdings with the reinvestment of the bulk of the proceeds of the sales. As our great national holdings of dollar securities have now been very largely liquidated, it must be long after the conclusion of peace before any considerable London market in them can be restored.

The other main functions of the Stock Exchange—those concerned with the collection and investment of savings—have of course suffered less catastrophic disturbance from the war. But, even here, the disturbance is far from negligible. Save for Government loans the new issue market has virtually ceased to function. Except with Treasury consent, which is rarely given, new capital issues are forbidden. Even the industrial capital required for essential war purposes is commonly provided through other channels than the Stock Exchange. Moreover, the Government's policy of limiting industrial profits and of generally weighting the scales against investment in ordinary shares has hit the Stock Exchange in its most sensitive spot. With Excess Profits Tax at 100 per cent, industrial ordinaries are reduced, at the best, to the status of non-cumulative fixed interest securities. Shorn of their equity rights and consequently of their speculative attractions, it is small wonder that both the investors' interest and the Stock Exchange turnover in ordinary shares have dwindled to small proportions.

It might be thought that the Stock Exchange would have found compensation in an increased turnover in the gilt-edged market, due to the ever-increasing flow of savings into Government loans raised for the financing of the war. This, however, is not the case. The Stock Exchange has played its part in stimulating the flow of private savings into successive war loans, but the service of acting as intermediary in the subscription of such loans involves no great volume of work and it must be admitted that the present policy of issuing war loans by the "on tap" method provides less revenue for the Stock Exchange than the old fixed-amount fixed-subscription-period method.

Add to these general considerations militating against an active Stock Exchange, the special deterrents to business which in recent months have resulted from military events in and around these islands—particularly the intensive bombing of our big towns, the serious dislocation of telephone and transport services and their psychological repercussions—and we have a sufficient explanation of the present state of the Stock Exchange, which is that of an institution working at well under 50 per cent. of capacity, with most of its constituent firms either running at a loss or precariously making ends meet.

But enough of this dismal tale. What of the future? Is that any brighter? It is not easy to believe that for the duration of the war it is very bright. Stock Exchange activity is notoriously subject to violent and sudden fluctuations and there should be ups as well as downs in the future. A substantial recovery of turnover might well follow the modification of the 100 per cent. Excess Profits Tax, which many people expect to find a place in the coming Budget. Any step which in a measure restored the traditional attractions of the ordinary share—its equity and its inflation-dodging quality—would obviously stimulate public interest in such shares, even though (as would almost certainly be the case) the relief took a form which precluded any increase in dividend rates during the war.

On the other hand, it seems more than probable that the developments of war finance may in the near future impose fresh restrictions upon Stock Exchange activity. The adoption of anything in the nature of a compulsory savings plan would be almost bound to do so. Savings now invested through the Stock Exchange would automatically pass directly into, and be immobilised in, the Government securities established for the purpose. If, as some experts think, attempts were made on a large scale to evade the incidence of the compulsory saving plan by the selling of existing security holdings, it might even become necessary to introduce a system of permits without which sales of securities on the Stock Exchange would be forbidden. That would add yet further to the spate of forms and formalities, the only major activity the Exchange has enjoyed during the war, and it would threaten to sweep away what remains of profit in the business. It is impossible to foresee to what lengths of financial control we may be driven before the war is over.

Some people might argue that the maintenance of a Stock Exchange at all will be found to be a dispensable luxury. That, however, seems rather an extreme view. Even under war conditions, there are many cases in which serious inconvenience and even hardship would arise were individuals denied all possibility of realising investments. In not a few instances punctual payment of taxes would become impossible, whilst, of course, the closing of the Stock Exchange would necessarily preclude the receipt by the Exchequer in cash form of a large proportion of the £80,000,000 annual revenue from

Death Duties. Traditionally, too, the existence of a freely functioning Stock Exchange is an element in the maintenance of public morale. No excessive weight, no doubt, should be assigned to that argument, but it is nevertheless significant that even the totalitarian powers find it desirable to keep their Bourses working and to encourage the reopening under suitable control of the Bourses in occupied territories.

Let us, at any rate, close on a more hopeful note. The Stock Exchange authorities have found it possible even amid the distractions of war to formulate measures of reform which will go a good long way towards remedying the worst abuses with which the pre-war Stock Exchange could be charged. The cutting of the commission rebates to agents is justified by the war-time increase in costs and makes the scheme palatable to members. But it is not the fundamental feature of the scheme. That consists in the unification of Stock Exchange practice throughout the country, and in particular in the regulations and control of the whole agency system, with a view to eliminating altogether that irresponsible and undesirable element which is so largely to blame for the orgies of uncontrolled speculation, which have been a recurring feature of stock market experience.

With the bringing under control of the Stock Exchange "agent" the way is paved for a tightening up of the qualifications for membership of the Exchanges themselves. The Throgmorton Street authorities have been at pains to emphasise that the new reforms "have nothing to do with the war," since the discussions which have culminated in them were initiated long before the war. Yet in effect the Stock Exchange is making a commendably early start with its post-war reconstruction.

We do not know what place will be assigned in the post-war economy to the security markets. Their precise scope will depend on many factors, including of course respective weights given to collectivism and private enterprise. Presumably there will for many years be greater economic control from the centre than there was before the war and a greater field of nationally operated enterprise. Presumably there will be a further concentration of industry into large units. If so, there will be less room for speculation on the Stock Exchange than hitherto. That would accord with the current trend of public opinion, which rightly condemns the excesses too frequently witnessed in the past, though one ventures the hope that the object will be rather to curb than to kill speculation, lest the gambler instinct be driven into underground and insanitary channels.

It looks, therefore, as though the post-war Stock Exchange would be an institution in which purely speculative dealings will play a smaller and investment a larger part than heretofore. In view of the predominance of speculative dealings in the past, that probably means a reduced total turnover. It means, too, or should mean, corresponding changes within the organisation, fewer Stock Exchange members and still fewer but larger firms, and a higher standard of professional competence—less quantity and better quality in fact.

Finance and Banking

Back to Abundance

Conditions in the money market have, during the past week, reverted to their former abundance. Although the banks were called upon to pay £20,000,000 in Treasury deposits after an interval of six weeks, these new payments only equalled the amount maturing during the week and, on this score, the bank cash position has been left unaffected. There appears to have been a temporary lull in the transfer of tax moneys, and Government deposits at the Bank of England are down by £2,898,000 over the week to last Wednesday and have fallen to the exceptionally low total of £11,737,000. The shift of funds to bankers' deposits has been further swollen by an increase of £4,114,000 in the total of "other securities." The rise in bankers' deposits for the past week amounts to £3,659,000, carrying their total to the comfortable figure of £125,381,000. The rise in this item would have been greater but for a somewhat unexpected increase of £4,030,000 in the active note circulation. The previous return had shown an increase which was held to represent the greater part of the end-of-month expansion in the circulation. This latest expansion suggests that the secular trend in the note circulation has recently taken a sharp upward turn.

* * *

The Dollar Cost of War

After the confusing array of estimates of British losses of gold and dollar investments since the beginning of the war to which we have recently been served from America, it is refreshing to receive the official data recently presented by Mr Morgenthau to the House of Representatives Foreign Affairs Committee. The following table shows the reduction in the gold and dollar exchange assets of the United Kingdom over the first sixteen months of war. The figures given are those of the British Treasury except for the estimate of private dollar balances which is taken from U.S. Treasury sources:—

	In million dollars	
	Aug. 31, 1939	Dec. 31, 1940
Gold	2,038	292
Official dollar balances	50	54
Private dollar balances	545	305
Marketable U.S. securities	950	616
Direct and miscellaneous investments in U.S.	900	900
Total gold and dollar exchange assets	4,483	2,167

How this net loss of $2,316 millions has occurred is shown in great detail in a table compiled by the U.S. Treasury, the Department of Commerce and the Federal Reserve Board on the basis of figures supplied by the British Treasury. This table, given in somewhat abbreviated form, is as follows:—

	In million U.S. Dollars
GOLD AND DOLLAR EXPENDITURE	
Payments to U.S. by U.K. on Government account	1,380
For private merchandise imports, shipping, etc.	902
Payments to U.S. by Empire countries other than U.K. and Canada	483
Payments by Empire excluding Canada to countries other than U.S. but requiring dollars or gold	775
Withdrawal of capital	735
Miscellaneous	71
Total gold and dollar requirements	4,346
GOLD AND DOLLAR RECEIPTS	
Receipts from U.S. by U.K. for merchandise, freights, etc.	345
Receipts from U.S. by Empire countries excluding U.K. and Canada	670
Dollar receipts from Empire countries excluding Canada from areas outside U.S.	50
Receipts from sale of Empire gold (new production and dishoarding)	965
Total gold and dollar receipts by Empire countries excluding Canada	2,030
Total drain of gold and dollar resources of British Empire excluding Canada	2,316

To complete the picture, the following details should be given of the gold and dollar transactions over the same sixteen months period between Canada and Newfoundland on the one hand and the rest of the Empire on the other:—

	In million U.S. dollars
Payments to Canada by other Empire countries	930
Receipts from Canada on merchandise and invisible account	375
British Empire deficit with Canada	555
Canadian repatriation of British held securities	330
Gold payments by British Empire countries to Canada	225

These tables show what a painful reality lies in the fact that Canada is in the dollar and not in the sterling area. Our losses of gold and securities to Canada during these sixteen months were nearly one-quarter of our corresponding losses to the United States. The figures relating to our accounts with the United States are conservatively drawn, since the Governmental payments include an

item of $570 millions in respect of goods not yet delivered. Another item of $150 millions is in respect of capital assistance to American firms, and should not, therefore, be classed with payments for merchandise imports. The "capital" item in the outgoings includes a sum of $300 millions withdrawn by Americans and others from sterling countries through the sale of free sterling to American importers. This is the first official estimate we have had of the turnover of the free sterling-dollar market during the whole of its existence. It confirms the impression always held that at no time can the turnover in this market have approached the volume of transactions in the official market, though in retrospect the breach in our gold and dollar resources caused by the overlong tolerated existence of the free market must none the less be deemed regrettably large.

* * *

Record Treasury Bill Applications

Last week's tender for Treasury bills saw the applications at the highest figure ever recorded—£160,470,000. The applications three months previously also reached the exceptionally high level of £152,230,000, a figure surpassed only by last week's total. It is therefore evident that heavy maturities of Treasury bills held in semi-official quarters have just been renewed. Faced with this keen competition for bills—a competition which cannot be beaten, since these sterling area holdings of Treasury bills must be renewed regardless of the rate earned on them—the market syndicate had to be content with an allotment of only 15 per cent. of its quota, the lowest figure recorded for over a year. The growth in the competition of sterling area funds for investment in Treasury bills over the past year may be roughly measured by the reduced allotments of bills to this discount market. Taking the syndicate quota of £65,000,000 and applying to it the allotment obtained in each of the past thirteen weeks, the total of Treasury bills now outstanding and originally obtained by the discount market at the weekly tender is about £251,000,000. At the corresponding time of last year the comparable figure was £372,000,000. It may be assumed that over the intervening twelve months the applications for Treasury bills from London banks and firms outside the discount market syndicate (the "outside" applicants) have fallen appreciably. The applications from sterling area central banks and currency authorities are, therefore, responsible for more than the falling off in bills allotted to the discount market. The position, from the point of view of the market syndicate, will be appreciably relieved after March 24 next, when £90,000,000 of Indian Reserve Bank funds, which are presumably invested in Treasury bills at present, will have to be withdrawn from the market in order to pay for the India Government stocks covered by the recent vesting order. So considerable a cut in the floating supply of sterling funds seeking short term investments should react appreciably on the allotments of Treasury bills to the discount market proper.

* * *

Chinese Exchange Precautions

News received from Chungking this week suggests that the centre of the Chinese Stabilisation Fund's operations may be shifted from Shanghai to the new inland capital of the Chinese Republic. To Western minds, the move seems to have been long overdue. Admittedly the Oriental subtlety, which can still regard the Sino-Japanese war as an "incident" and which has contrived some kind of working arrangement between the occupying Japanese authorities and the Chinese Customs, has hitherto taken in its stride the minor feat of conducting the operations of the Chinese Government's Stabilisation Fund from a Japanese controlled centre. But the difficulties of this particular arrangement have recently multiplied, partly owing to the inauguration of Wang Ching-wei's currency last January (described in an article from our Shanghai Correspondent on page 308), while the threat of hostile developments in the Pacific obviously counselled the wisdom of shifting part of the Stabilisation Fund's operations to Chungking. In this centre, the Central Bank of China, which acts as one of the agents of the Stabilisation Fund, will now buy and sell foreign exchange both at the official rate (for Government business) and at market rates. The headquarters of the Stabilisation Fund committee will remain at Hongkong, but it will now have Chungking as well as Shanghai and Hongkong as one of its alternative centres of operation. The open market rate remains steady at around 3 1/32d.

* * *

Dearer Mail Transfers to South Africa

From the beginning of this week the buying rate in London for bills on South Africa payable at sight was raised from £101 5s. 6d. to £101 8s. per £100 (South African). The basic telegraphic transfer rate remains unchanged at £101, and the latest alteration in the mail transfer rate has only been made to correspond with the longer average time now taken by mails between the two countries. The widening of the margin between the T.T. and the sight rate is merely intended to cover the interest on the additional period during which the buying bank in London will be out of its money. The balance of payments between South Africa and the United Kingdom appears on the external evidence of the Reserve Bank of South Africa's sterling assets, to be running against the Union—a surprising movement if we take into consideration the sales of South African gold which are now made direct to the Bank of England acting for the Treasury. The Reserve Bank's sterling assets stood at £7,096,000 on the outbreak of the war, and rose to a peak of £8,995,000 last summer. They were then depleted by the redemption of the £7,900,000 sterling loan last July. But the declining trend of these figures has continued persistently, and the latest return available, dated January 17th, shows sterling assets of £502,848 only.

* * *

Repatriating South African Capital

It is difficult to reconcile this movement with the fact that we are purchasing the bulk of South Africa's gold production, which is now running at the rate of about £110,000,000 a year. One important factor in the balance of payments between this country and the Dominion is the persistent repatriation to South Africa of South African gold mining shares previously held by British investors. The arbitrage in Kaffir shares between London and the Cape has for many months past been of a "one way" character, and, apart from these open market transactions, a considerable transfer of capital between the two centres appears to have been effected on the initiative of the gold mining finance houses. From the point of view of South Africa it is certainly good business to buy out the British capital invested in her gold mines from the proceeds of her sales of gold to the British Treasury. But it is doubtful if this factor alone can account for the dwindling of the Reserve Bank's sterling assets in the face of the substantial sales of gold—to say nothing of diamonds, wool, and other produce—which have been made by the Union. Part, at least, of the gold operations may be settled through direct inter-Governmental accounts which are not reflected in the Reserve Bank's figures.

* * *

India's Sterling Reserves

The Finance Member of the Government of India referred, in the course of his recent budget speech, to the impending utilisation of accumulated sterling reserves to repatriate the £90,000,000 of sterling debt covered by the last Vesting Order. He pointed out that the operation would reduce the Government's overseas obligations to the extent of well over £3,000,000 annually. Its completion, he said, would still leave the sterling reserves of the Government in the neighbourhood of £60,000,000, a figure almost exactly the average maintained during the last full pre-war year. The Finance Member showed by this estimate that an appreciable part of the Indian sterling securities which have now been vested have already been repatriated as a result of the plans made last year to issue the rupee counterpart of any India Government sterling security. The latest Reserve Bank of India return, dated February 21st, shows balances abroad and sterling securities held in the Issue and Banking departments at the equivalent of £43,100,000. It is evident, therefore, that the sterling to be disbursed by the Indian Government in respect of the securities to be repatriated will be some £7,000,000 less than the nominal amount of these issues now outstanding.

Investment

Rationalisation by Decree

The Government's decision to concentrate production in a smaller number of factories working full time, instead of in a larger number running at part capacity, is a move in the right direction which is long overdue. Its object is primarily to free labour for the war effort, and, as it is an essential step to this end, it must be accepted by the investor, however unfortunate or inequitable its results may be. That they will be inequitable is certain, for one of the principal criteria in deciding whether a company shall work or close will be the state of labour supply in its district. For investors in general, that must be taken as a "bull" point since it increases our war potential, but at the moment it does little more than substitute one set of uncertainties for another. Except for the expert, it is very difficult to say, outside a few obvious leaders, what firms will close down, nor is it clear when, or how much, compensation will be payable. Beyond the fact that direct Government subsidy is excluded, everything is fluid and will remain so until each industry has made its arrangements. It cannot even be assumed with certainty that the total net profit available from any industry will be increased by the measure, and a ruling as to the application of E.P.T. will be an essential factor in determining what part of profit is retained for compensation to the unfortunate and remuneration of shareholders in the concerns which continue to operate. The immediate effect on share prices has been slight, partly because the move has been discounted by the selective buying whose start was mentioned in *The Economist* of January 25th. It seems certain, however, that, until the outlook clears, equities are likely to be rather depressed, outside the restricted circle of obvious leaders, who, themselves, may not altogether escape.

* * *

Selective Recession

As compared with a year before, when almost every class of security, fixed interest and equity alike, was rising rapidly, the month just ended has made a rather poor showing. There is, however, nothing in the very moderate recession in prices, which it brought to most securities, to cause surprise, still less despondency. The chart of weekly averages of *The Financial News* indices, appearing below, presents in fact a more "normal" appearance in the past few months than the rather exaggerated movements of the first year of war. It was suggested in *The Economist* as long ago as November 23rd that stock markets were entering a new phase; that the effects of changes in national policy with regard to the supply of materials and labour would henceforth be more important, and that E.P.T., while it might in some cases cushion the effect of falling earnings upon dividends would tend increasingly to cut into net figures. The implication was that any future rises would be highly selective, except in so far as they were merely a reaction to a fall in the real rate of interest. Since then, the yield on 2½ per cent. Consols has fallen from 3.31 to 3.25 per cent. and that on industrial equities from 6.69 to 6.40 per cent. according to *The Actuaries' Investment Index*. The rise in the past month in the latter figure is from 6.26, not a very substantial response to the spread of war, the now chronic uncertainty as to the policy of the men of Vichy, and the many doubts as to what the next few months will bring in new imposts and restrictions on industry.

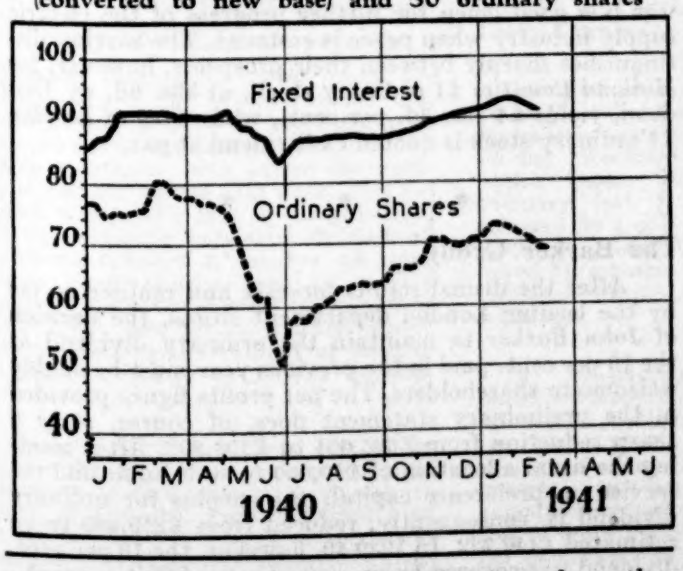
* * *

Cautious Reinvestment

Actually, the proportion of the month's decline which can properly be attributed to these causes is relatively small. The aggregate loss in value is somewhat over 4 per cent., according to *The Financial News*, and rather under 3½ per cent., if *The Actuaries'* figure is taken. The details of the latter show that over half the decline is due to sharp setbacks in cotton shares, and in gas and railway stocks. These three items account for some 10 per cent. of the total index, and they have fallen by about that percentage. More moderate declines in bank and insurance shares are only partially offset by a rise in investment trust equities, which, after the customary time lag, are now entering on a period of improvement, the rise being shared by the debenture stocks of the group. Other changes are small in amount, but it is worth noting that both home corporations and industrial preferences have appreciated against the trend of gilt-edged, thus further reducing the yield

FIXED-INTEREST AND EQUITY SECURITY MOVEMENTS (July 1, 1935 = 100)

Financial News indices of 20 fixed-interest securities (converted to new base) and 30 ordinary shares



ACTUARIES' INVESTMENT INDEX

Group and Number of Securities	Price Indices (Dec. 31, 1928 = 100)				Yields per cent.		
	Feb. 27, 1940	Dec. 31, 1940	Jan. 28, 1941	Feb. 25, 1941	Feb. 27, 1940	June 25, 1940	Feb. 25, 1941
Fixed Interest							
2½% Consols	132·0	136·9	137·5	137·4	3·38	3·53	3·25
Home Corporations (4)	128·2	127·5	128·3	129·3	3·63	3·79	3·60
Invest. Trust Debents. (5)	114·6	108·7	108·5	111·7	4·09	4·16	4·19
Distributive Debentures (9)	104·6	101·7	103·7	101·6	4·14	4·60	4·28
Distributive Preference (22)	71·2	61·9	63·1	63·4	4·86	6·44	6·16
Total Indust. Pref. (101)	*97·0*	*88·8*	*90·9*	*91·2*	*4·62*	*5·52*	*4·98*
Ordinary Shares							
Insurance (10)	101·3	86·1	88·4	85·9	4·17	6·23	4·77
Investment Trusts (9)	36·8	32·0	32·7	33·3	6·61	6·64	7·07
Aircraft (5)	59·1	50·1	47·5	46·3	10·15	21·21	12·50
Cotton (5)	32·0	22·6	23·2	20·5	2·67	4·11	3·44
Gas (8)	81·3	64·9	61·2	55·9	5·88	7·09	7·25
Total Productive (90)	*65·0*	*53·1*	*54·7*	*52·7*	*5·86*	*9·35*	*6·63*
Home Rails (4)	57·2	33·6	35·1	31·5	3·67	11·64	9·36
Total Distributive (29)	*45·6*	*34·3*	*34·7*	*33·5*	*5·51*	*8·73*	*5·81*
Total Miscellaneous (40)	*66·7*	*57·3*	*58·4*	*57·0*	*5·51*	*5·46*	*6·37*
TOTAL INDUSTRIAL (159)	60·6	49·5	50·8	49·1	5·71	9·01	6·40

TYPEWRITERS FOR NATIONAL SERVICE

H.M. Stationery Office ask all owners of typewriters to offer for purchase any which they can spare. These are urgently required for work of National importance. Offers of machines not more than 15 years old and in good working order should be made at once to:—

THE DIRECTOR OF SUPPLIES (S3E),
H.M. Stationery Office, Princes Street, S.W.1.

State name of maker, model and whether you wish to sell or loan.

margins. Incidentally, the first-class corporations, covered by this index, are now well above the levels of a year ago, while miscellaneous industrial debentures and preference shares are on the point of making good the falls of the spring. All these changes have special explanations which have much more to do with the general development of Government policy than with events on any battle front. Since these developments appear to be on the lines of securing a real increase in our war effort, it must be assumed that, however unfortunate for certain classes of share, they are good for investors as a whole. This supposition finds some reflection in the fact that it remains very difficult to buy any considerable amount of stock without forcing up the price. Holders of the recently vested dollar stocks are investing the proceeds very slowly. Whether the private individuals, who must hold a substantial part of the India loans, to be paid off in a fortnight's time, will be equally patient is doubtful, but these will, probably, look to a mixture of gilt-edged and second-line fixed-interest stocks for replacement, thus affording little support to equities.

* * *

Broker and Client

The proposals for Stock Exchange reform, commented on in *The Economist* of February 15, have been given a sufficiently good reception to encourage the publication of a scheme, whose adoption *in toto* would have very important effects. This is for the concentration of all settlement and accounting in a special department of the London Exchange, leaving the broker free to act solely as an expert in investment. It would, when in full operation, result in very material saving, to be used either to reduce commissions or to improve service. It would, however, also mean that all communications to the client, apart from the giving of advice and the taking of orders, would come, not from his broker, but from an unknown official, who would, by definition, deal with many more individuals than the broker, and who would find it difficult, to say the least, to keep track of the very special requirements of individual clients. It may be said at once that this scheme, in its fullest form, is far from having secured official sanction. It will require a good deal of education of clients—and indeed of brokers—before it can become acceptable, or even workable. The scheme was first put forward for use in the event of an emergency and some of its provisions would be useful in such a context. Some will also fit in well with the famine of suitable employees, which threatens to become acute. This may well expedite the adoption of changes on the lines of those of the past two decades which, unnoticed by the investor, have helped to prevent a rise in charges, but it is very doubtful whether anything like the full advantages of even a partial centralisation of accounting could be reaped in war-time, when the substitution of machines for ledger clerks might well prove impossible. Such changes need call for no real sacrifice by investors, but they would be facilitated by a greater attention to detail in giving orders. There is plenty of room for improvement in the brokers' service, but progress entails the co-operation of both company managements and clients.

Company Notes

Courtaulds' Preliminary

Courtaulds' preliminary statement for 1940 shows a further encouraging advance from the setback of 1938. Net profits, after depreciation and fees, but before taxation, have risen from £2,572,512 to £3,291,392. An increase in tax liability, which is up from £991,257 to £1,764,808, has more than kept pace with higher revenue and, with a net payment of £230,000 on preference capital, the surplus for ordinary stock is reduced from £1,321,255 to £1,296,584. This sum, however, represents an increase in the earned rate from 8.2 to 9.4 per cent. The allocation to contingencies is increased from £161,939 to £185,737 and the carry forward is slightly higher at £323,007, against £316,160. Detailed comment must wait upon the issue of the report, especially on the treatment of Continental investments, but it is clear that, taxation apart, the rise in costs has been rigidly controlled by the company during the past year, and that output has very substantially increased. In the current year, much will depend upon the extent to which communication with the company's export markets can be ensured and on Government policy regarding its investments in the United States. The company's scientific staff is actively pursuing the production possibilities of new types of fabric, and it is possible that further significant strides will be made away from dependence on cotton and woollen textiles. At 27s. 10½d. ex dividend, the £1 ordinary stock yields £5 14s. 9d. per cent.

	Calendar Year		
	1938	1939	1940
	£	£	£
Profit†	473,842	2,572,512	3,291,392
Income tax and E.P.T.....	121,577	991,257	1,764,808
Net pref. div.	290,000	260,000	230,000
Ordinary capital :—			
Earned	*62,265*	*1,321,255*	*1,296,584*
Paid	696,000	1,128,000	1,104,000
Earned %.....	*0·4*	*8·2*	*9·4*
Paid %.....	4	7	8
Reserve§	*Dr.621,938*	161,939	185,737
Carry forward	284,844	316,160	323,007

† After depreciation, excise duty and fees. § From stocks and insurance reserves in 1938 to contingencies 1939 and 1940.

* * *

Electricity Supply

It is to be expected that provincial and home counties electric supply companies will have made a relatively better showing during the past year than those situated in London, where both evacuation and bomb damage have affected revenue. In fact, no very marked contrast is provided by the accounts of *City of London Electric Lighting* and *Midland Counties Electric Supply*, both of which present their reports for the calendar year 1940. Gross revenue of the former company from sales of current declined from £870,579 to £856,377; while receipts of the latter from subsidiaries, including traction companies, fell from £396,976 to £365,400. With a moderate increase in both cases in generating and management costs, net profits of *City of London* amount to £77,079 against £103,759, and, after reducing the total ordinary dividend from 7½ to 7 per cent., and meeting 1 per cent. of this payment from reserve, the carry-forward declined from £106,010 to £100,289. *Midland Counties Electric* sustained a setback in equity surplus only from £228,627 to £212,842, which, grossed up at the higher standard rate of tax, is equivalent to a rate of 12.3 against 11.7 per cent. Thus, the 8 per cent. ordinary dividend, which is maintained, is amply covered and, after allocating £70,000 against £71,485 to reserve, the carry-forward is raised from £16,354 to £20,696. The stability of earnings maintained by both concerns during war is a good omen for further progress of the electric supply industry when peace is restored. The market distinguishes sharply between their prospects, however, for *Midland Counties* £1 ordinary stock, at 33s. 6d. ex dividend, yields £4 15s. 5d. per cent., while *City of London* £1 ordinary stock is quoted ex dividend at par.

* * *

The Barker Group

After the dismal results forecast and realised so far by the leading London department stores, the decision of *John Barker* to maintain the ordinary dividend at the 10 per cent. paid in the previous year must be doubly welcome to shareholders. The net profits figure provided in the preliminary statement does, of course, show a sharp reduction from £306,664 to £196,897. After meeting the usual allocation of £10,000 to staff funds and the service on preference capital, the surplus for ordinary dividend is, consequently, reduced from £250,489 to an estimated £140,722. In 1939-40, however, the 10 per cent. dividend was covered by an earned rate of 29.4 per cent., and, after the decline of the past year, a rate of 14.7 per cent. still provides an adequate margin. After reserving £30,000 for general purposes, the carry-forward is almost unchanged at £205,323. Since building has ceased, no allocation is made to reserve for rebuilding of premises against £100,000 in the previous year. But for this a drastic cut in dividend would have been probable. To some extent, no doubt, the Kensington High Street

shops profited last year from loss of business by Oxford Street stores, and their immunity from bomb damage has permitted the maintenance of reserves. It is also possible that the very high level of stocks a year ago played its part in the result. Despite the relatively satisfactory revenue earned last year, it is clear that income must be increasingly affected by limitation of supplies and by rising taxation. So far, the company has been able to adapt itself readily to changing conditions, and the £1 ordinary shares, at 27s. 6d., offer the satisfactory yield of £7 5s. 5d. per cent.

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Two Oil Reports

Since the outbreak of war, the accounts of oil companies have tended to appear increasingly late, and it is, therefore, scarcely surprising to find that, of the two latest reports, that of *Anglo-Ecuadorian Oilfields* relates to the year ending June 30, 1940, and that of *Canadian Eagle Oil* to the calendar year 1939. *Anglo-Ecuadorian* enjoyed a satisfactory rise in net trading income, after United Kingdom taxation, from £274,450 to £341,847 and in total income from £297,201 to £362,057, thus reversing the declining trend of the three previous years. Moreover, the figure for net operating income is struck after deduction of £40,000 for contingencies. The equity surplus, at £215,456 against £170,141, an increase from 12.1 to 17.6 per cent., provides generous cover for the 10 per cent. dividend, and, after the allocation of £50,000 to general reserve, the carry-forward is still £15,456 higher at £112,504. The most important balance-sheet changes at the end of June last were reductions in debtors and in cash holdings, the funds released helping to raise investments in British and Dominion Government securities by nearly £100,000 to £615,825. The *Canadian Eagle* accounts for 1939 show a fall in income from dividends of some £158,257 to £521,135. Of the decline, £105,000 is represented by deduction of British income tax. The net fall in total income is less severe, since a modest profit has been made from oil trading operations, due mainly to *Canadian Eagle* control of the crude output of certain Venezuelan oilfields. Thus, gross income amounts to £553,705 against £611,413, and the free surplus shows a decline only from £403,245 to £374,164, thanks to a redistribution of management expenses within the group. The ordinary shareholders receive 6d. a share, as in the two previous years, and the carry-forward is raised from £425,210 to £436,140. Substantially lower oil stocks and higher debtors in the balance sheet are accounted for by sales of *Eagle Oil and Shipping* oil stocks, in the United Kingdom at the outbreak of war, to the Petroleum Board. The proceeds of this sale have been placed to reserve to provide for repurchase on the liquidation of the Board. The exploration work of the company in South America has been considerably reduced since the outbreak of war, and the purchase and sale of oil agreements between *Eagle Oil and Shipping* and *Mexican Eagle Oil* remain in abeyance pending the release of the properties of the latter company by the Mexican Government. The *Anglo-Ecuadorian* £1 ordinary stock, at 19s., yields £10 10s. 6d. per cent., while *Canadian Eagle* ordinary shares of no par value stand at 8s. 10½d., returning £5 13s. 2d.

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United Serdang Recovery

A considerable improvement is shown by United Serdang earnings for the year to August 31, 1940, which, before taxation, have risen from £179,161 to £344,026. After allocation of £30,000, against £35,000, for taxation reserve and of £25,000, against nil, for estate depreciation, the equity surplus shows an increase from £71,193 to £131,108, and the ordinary dividend is raised from 5 to 9 per cent., the level distributed in 1937-38.

	Years ended August 31. 1938	1939	1940
	£	£	£
Profits	226,082	179,161	344,026
N.E.I. tax, and expenses	22,201	39,656	188,428
Estate and plant deprecn.	43,666	24,812	35,490
Tax reserve and N.D.C.	30,500	43,500	39,000
Ordinary stock :—			
Earned	*129,715*	*71,193*	*131,108*
Paid	128,095	71,164	128,095
Earned %	*9·2*	*5·0*	*9·9*
Paid %	9	5	9
Carry forward	94,544	94,574	97,587

The better trading results of the past year are mainly due, as is pointed out by the chairman, Mr. H. Eric Miller, in his speech circulated with the report, to the higher exportable crop of rubber and to the improvement in the average net sale price from 8.73d. to 10.49d. per lb. The company is, of course, hampered by scarcity of shipping space and by loss of continental markets, in particular for palm oil. Despite increasing taxation, a reasonable margin of profit should be assured, at least while the prosecution of the war continues to necessitate a high rate of rubber absorption. The liquidation of stocks in the post-war world must depend upon future agreement between the Rubber Reserve Company and the International Rubber Regulation Committee. United Serdang 2s. ordinary stock, at 1s. 11d., yields £9 7s. 5d. per cent.

THE STOCK EXCHANGES

London

Note : all dealings are for cash

DESPITE disquieting news from the Balkans and the announcement that unessential factories at home are to be closed down, markets showed considerable resistance, both before the week-end and during the past week. This has been particularly true of the gilt-edged market. Among industrial equities, all sections suffered a number of small losses, and business was on a very modest scale. Commodity markets were also quiet, and the oil market showed some weakness on account of its geographical interest in Balkan developments.

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Price changes have been few in the *gilt-edged* market, which showed great firmness in face of various alarms. In fact, 2½ per cent. Consols gained ⅛ on both the first two days of the week, and Local Loans also improved by the same amount. There was support for 4 per cent. Funding on Tuesday, and Indian issues were steadily in demand. In the *foreign bond* market, pessimistic trade forecasts continued to cause depression in Brazilian bonds, while on Monday Japanese issues were mainly 1 point lower. Later in the week this loss was partially made good. Belgian 4½ per cent. bonds were sold, easing 1½ points on Tuesday, but there was considerable interest in Austrian 4½ per cent. and Czech 8 per cent. loans.

★

Selling of *home rail* stocks continued to be the rule. A number of preference issues were quoted lower, but the brunt of the movement was taken by the junior issues. Thus, Great Western ordinary lost ¾ point on Monday, followed by ½ point the next day, while Southern preferred shed 1 point, followed by ½ point. Among foreign rails, Canadian Pacific ordinary moved uncertainly.

★

The conspicuous feature of the *industrial* market was the small amount of business passing. Price movements on the whole tended downward, but no very marked movement took place in response to the Board of Trade announcement of an active policy for closing down unessential works. Despite the fact that few market leaders can be directly affected, uncertainty as to the implications of the scheme, especially in respect of compensation, led to falls in such important issues as Courtaulds, which had been buoyant on the profits figures, B.A.Ts., Guinness, and Woolworths. Before the announcement, the tobacco leaders showed a general weakness, and the textile group, excepting Courtaulds, was depressed. Shipping and electrical supply shares were in demand, but, among general industrials, such leading issues as I.C.I., Dunlops and Lever and Unilever were sold in a small way.

★

In the *kaffir* market, the tone was firm, despite a paucity of business and a few notable declines. West Wit Areas lost ground on balance, and *losses* were sustained by Sub Nigel, "Sallies" and Grootvlei. The loss of ¼ by Crown Mines, before the week-end, was made good during the current week. Other mining markets remained quietly firm, though Rhokana, among *copper* companies, eased ½ on Tuesday. There was

(*Continued on page* 316)

"FINANCIAL NEWS" INDICES

1941	Approx. Total Bargains in S.E. List	*Corres. Day 1940*	Security Indices: 30 Ord. shares*	20 Fixed Int.†
Feb. 27	2,170	*5,550*	68·5	126·5
,, 28	2,438	*5,584*	68·9	126·5
Mar. 3	3,048	*6,773*	68 6	126·4
,, 4	2,344	*5,320*	68 6	126 4
,, 5	2,317	*5,138*	68·4	126·4

* July 1, 1935=100. † 1928=100. 30 Ordinary shares, 1941; highest, 73·7 (Jan. 17); lowest, 68·2 (Feb. 25). 20 Fixed Int., 1941; highest, 127·1 (Jan. 20); lowest, 126·1 (Jan. 2).

Industry and Trade

Cotton Industry's Problems

The affairs of the cotton industry throw an interesting sidelight on the problems raised by the proposals for concentrating production announced this week by the President of the Board of Trade. Some three weeks ago the Cotton Controller warned the spinning and manufacturing employers and the trade unions concerned that owing to the heavy demands on shipping the amount of raw cotton available during the next few months would have to be severely reduced, and he suggested that the representatives of the industry should formulate some scheme for reducing production. It was generally agreed amongst the interests affected that the curtailment of output should be on a spread-over basis, but it was then reported that this proposal was not acceptable to the Controller. In the middle of last week the Controller advised individual spinners concerning the licences for the use of cotton that would be available during this month. Employers fully engaged on Government contracts secured practically a full allowance, while firms engaged on the manufacture of goods for home civilian use were given a very small supply; and it was realised by the industry that, in most sections, a substantial amount of machinery would have to stand idle, while some mills would have to be stopped. For the time being fresh business has been brought to a standstill, for, in consequence of the curtailment of cotton supplies, delivery dates for existing orders have been pushed further ahead. It is estimated in Lancashire that some thousands of operatives will be released for the Forces and munition work, but the trade unions are afraid that there might be a time-lag between the cessation of employment in the mills and the absorption into armament factories. The employers are concerned with the effect upon their financial position, and it is held that some scheme of compensation should be arranged for the owners of mills that are compelled to close down. In a statement issued on Wednesday, the Cotton Board suggested that the Controller should suspend the issue of new priority directions for a brief period except for urgent orders, and that operatives thrown out of work this month should not be treated as ordinary unemployed, but drafted to other cotton employment or reserved for it. The Board further suggested that a scheme to carry out the slimming process should include a compensation scheme to be prepared jointly by the Board and the Employers Organisations and submitted to the Government. In the meantime, discussions continue to take place between the Controller and the directors of the Liverpool and Manchester Cotton Associations with regard to the decision of the Ministry of Supply that the Government should in future be the sole importer of raw cotton. It has been suggested that if it is not possible to use the old-established merchanting organisation, then Liverpool and Manchester firms should work on a commission basis as a temporary measure.

(*Continued from page* 315)

little business among *tea* or *rubber* shares, though such price changes as occurred were mainly for the worse. Allied Sumatra and Anglo-Dutch both suffered small losses. At the beginning of the week the *oil* market was down on news of the German invasion of Bulgaria. Losses of ⅓ were suffered by Shell Transport and Burmah oil ordinary, while Anglo-Iranian ordinary was 1/16 lower. A firmer tone prevailed later in the week, though there was some selling of Trinidad issues.

New York

Both before the week-end and during the current week, the undertone on Wall Street was nervous and business was at a minimum. Encouragement which investors drew from the settlement of the Bethlehem Steel strike before last week's close was short-lived, and the predominant influence remained that of foreign political developments. Sentiment was depressed by the entry of German troops into Bulgaria, and disquieted by continued tension in the Far East. On Tuesday, big orders for Woolworths and U.S. Steel and a number of smaller investment buying encouraged a moderate rally. This movement was not continued in mid-week, despite a firm opening.

The *Iron Age* estimates steel mill activity at 98 per cent. of capacity against 97 per cent. in the previous week.

New York Prices

Standard Statistics Indices
(1926 = 100)
Weekly Averages

	1941 Low Feb. 18	1941 High Jan. 15	Feb. 11, 1941	Feb. 18, 1941	Feb. 26, 1941
347 Industrials	84·9	96·0	88·9	84·9	87·9
32 Rails	25·4	28·0a	26·6	25·4	26·4
40 Utilities	72·5	78·7	75·6	72·5	74·2
419 Stocks	73·3	82·1b	76·7	73·3	75·8
Av. yield*	6·65% High (c)	6·13% Low (b)	6·65%	6·48%	6·30%

* 50 Common Stocks. (a) Jan. 22. (b) Jan. 8. (c) Feb. 11.

Daily Average 50 Common Stocks

Feb. 20	Feb. 21	Feb. 22	Feb. 24	Feb. 25	Feb. 26
94·50	95·00	Closed (a)	95·90	96·80	96·90

1941 High: 105·80. January 10. Low: 92·40 February 14. (a) George Washington's birthday

Total share dealings: Feb. 26, 380,000; Feb. 27, 310,000; Feb. 28, 410,000; Mar. 1, 140,000; Mar. 3, 330,000; Mar. 4, 310,000.

	Close Feb. 25, 1941	Close Mar. 4, 1941
1. Railroads		
Balt. & Ohio ..	3⅜	3⅛
Gt. Nthn. Pf.	24⅜	24
Illinois Cent. .	6⅜	6⅛
N.Y. Cent. ...	12⅛	12⅛
Northern Pac.	6⅛	6
Pennsylvania .	23	23
Southern	12⅛	11⅞
2. Utilities, etc.		
Amer. Tel. ...	160⅛	160⅞
Amer. W'Wks.	5⅛	5⅛
Pac. Light ...	36⅛	36
Pub. Sv. N.J...	26	26⅛
Sthn. Cal. Ed.	25⅛	25⅛
United Gas ...	8⅛	8⅛
3. Commercial and Industrial		
Amer. Metal ...	17⅛	17
Am. Roll. Ml...	13⅛	13⅛
Am. Smelting .	40	40
Anaconda	23⅝	24⅛
Briggs	21⅛	21⅛
Celanese of A.	23⅛	23⅛
Chrysler ...	66⅛	66
Curt. Wr. "A"	26⅛	26
Eastman Kdk.	130⅛	128•
Gen. Elec. ...	32⅛	32⅜
Gen. Motors...	43⅜	42⅛
Inland Steel...	77⅛	75⅛
Int. Harvest	48⅛	47⅛
Int. Nickel ...	24⅛	24⅛
Liggett Myers	90	89½
Nat. Dairy ...	13⅛	13⅜
Nat. Distillers	21⅛	20⅜
Nat. Steel ...	56⅛	55⅛
Proct. Gamble	52	52⅛
Sears Roebuck	72	72⅛
Shell Union .	11⅛	11
Socony Vac. ..	8⅛	8⅛
Stan. Oil N.J.	34⅛	34
20th Cen. Fox	6	6
U.S. Steel ...	59⅛	57
West'hse El. .	95⅛	94⅛
Woolworth ...	30⅛	30
Yngstn. Sheet	35	33⅛

Capital Issues

Week ending March 8, 1941	Nominal Capital	Conversions	New Money
	£	£	£
To the Public	Nil	...	Nil
To Shareholders	Nil	...	Nil
By S.E. Introduction	Nil	...	Nil
By Permission to Deal	Nil	...	Nil
Nat. Savings Certs.†...	4,601,914	...	4,601,914
3% Defence Bonds†(s)	4,661,000	...	4,661,000
2½% Nat. War Bonds‡	46,694	...	46,694
Ditto, 2nd issue†(w)..	8,926,937	...	8,296,937
3% Savings Bonds†(t)	4,919,564	...	4,919,564

† Week to February 25, 1941. ‡ Week to February 25, 1941, making total since June 25, £444,408,002. (s) Total sales to February 25, 1941, £230,630,055. (t) Total sales to February 25, 1941, £51,199,206. (w) Total sales January 2, 1941, to February 25, 1941, £93,812,169.

Year	Including Conversions	Excluding Conversions
	£	£
1941 (New Basis) ...	219,608,727(a)	219,608,727(a)
1940 (New Basis) ...	*405,897,557*	*56,142,424*
1941 (Old Basis).....	219,453,842(a)	*219,453,842(a)*
1940 (Old Basis).....	*405,063,630*	*52,308,497*

Destination (Conversions Excluded)

Year	U.K.	Brit. Emp. ex U.K.	Foreign Countries
	£	£	£
'41 (New Basis)	217,059,624(a)	2,549,103	Nil
'40 (New Basis)	*55,914,878*	*226,046*	*Nil*
'41 (Old Basis)	216,953,842(a)	2,500,000	Nil
'40 (Old Basis)	*52,308,497*	*Nil*	*Nil*

Nature of Borrowing (Conv. Excld.)

Year	Deb.	£ Pref.	£ Ord.
	£		
'41 (New Basis)	217,059,624(a)	8,541	2,180,562
'40 (New Basis)	*52,557,006*	*235,687*	*3,349,731*
'41 (Old Basis)	216,953,842(a)	Nil	2,500,000
'40 (Old Basis)	*51,925,000*	22,500	360,997

"Old Basis" includes public issues and issues to shareholders. "New Basis" is all new capital in which permission to deal has been granted. (a) Less £1,600,000 repayments of National Savings Certificates 4 weeks to February 22, 1941.

Shorter Comments

Canadian Pacific Railway.—Gross earnings, January, 1941, $14,685,000 ($12,245,000); net earnings, $2,666,000 ($1,829,000).

Abbey Road Building Society.—Profit 1940, £1,396,849 (£1,514,829). Dividends to shareholders, £1,271,589 (£1,348,090). Reserve Fund No. 1, Nil (£200,000). Reserve Fund No. 2, £9,731 (£9,811). Carry forward, £252,338 (£103,509). Advances, 1940, £714,745 (£6,280,666). Total assets, £49,835,096 (£51,401,462). Shareholders received 3½ per cent. tax free from January to August 31st, 1940, and 3 per cent., tax free, from September to December 31st, 1940.

Celanese Corporation of America.—Net sales, 1940, reached record of $44,510,651 ($35,478,947). Tax provision, $5,424,954 ($2,363,782). Net earnings, $6,376,896 ($6,374,100). Cash dividends on common stock, $1.25 (50 cents). Scrip dividends 8⅛ shares for each 100 held. Earned surplus forward increased by $2,104,408 to $12,048,828.

Metal Industries Ltd.—Metal Industries will proceed with the acquisition of the Ordinary and Preference shares of Sentinel Wagon Works. Metal Industries offered 4s. 3d. for each 6s. Preference share and 2s. 3d. for each 2s. Ordinary share.

International Paint and Compositions. — Net profit, 1940, £208,145 (£208,823). Ordinary dividend remains at 20 per cent. for year.

Rise in Shipping Costs

The war has brought a substantial increase in the cost of operating merchant ships and, consequently, in freight rates. So far as wages are concerned, these were increased by £2 per month for officers and by £3 per month for crews on March 1st, 1940. A further advance of £2 per month for both officers and crews was granted on January 1st, 1941, in order to reduce the gap between the wages paid on British and allied ships. Although the monthly rate of pay for A.B.'s has risen by 83.2 per cent. over the pre-war wage of £9 12s. 6d. In addition to the increase in wage costs, the price of stores, provisions and repairs has shown a marked rise. The cost of marine insurance has also recorded a heavy increase, though the excess over the rates ruling in September, 1939, is refunded to shipowners by the Ministry of Shipping. The cost of war risk insurance, which is borne by the Government in the case of requisitioned vessels, has risen from 2 per cent. for 91 days, or 8 per cent. per annum, at the outbreak of war to the current rate of 7 per cent. for 91 days or 28 per cent. per annum. As a result of the rise in costs, freight rates have been advanced considerably. While the tramp freight rates charged by the Ministry of Shipping are not published, the Chamber of Shipping estimated that those charged by neutral owners last year averaged 113 per cent. more than in 1939.

* * *

Income from Shipping Services

The annual report of the Chamber of Shipping, published last week, contains the usual estimate of the value of the export of shipping services. In the table below, the export of shipping services in recent years is shown side by side with the excess of merchandise imports over exports:—

	Excess of Imports over Exports	Export of Shipping Services	
	£ million	Total £ million	% *of import surplus*
1929	382	130	*34*
1931	407	80	*20*
1937	432	115	*30*
1938	387	90	*23*
1939	400	100	*25*
1940	661	200	*30*

The estimated increase in the total of gross freights, less expenditure abroad, between 1939 and 1940 has been substantial; indeed, the value of the export of shipping services covered nearly one-third of Great Britain's adverse balance of trade last year. True, shipping costs, as is shown in the previous note, have recorded a marked advance since the outbreak of war, but these were chiefly met in the United Kingdom.

* * *

A New Salvage Campaign

The Controller of Salvage is appealing for an increased effort by housewives to save and sort their waste-paper, metal, bones, rags, foodwaste and torch batteries. Last year 800,000 tons of waste material, enough to make 100 shiploads, were salvaged and sold for £2,200,000. It included 250,000 tons or 40 shiploads of paper, enough metal to build 16,000 tanks, and enough kitchen waste to feed 100,000 pigs. Mr. Judd, however, is of opinion that more could be done, and he is going to extend the principle of compulsion to the smaller urban districts with populations between 5,000 and 10,000. To the 28 unpaid district advisers are to be added 65 assistants; area transport officers are to help councils, and 30 plants for concentrating kitchen waste into pig and poultry food are to be established. The Ministry of Supply hopes that it will not be necessary to make it a penal offence for housewives not to separate waste paper, metal and bones, but it complains that far too much waste paper is at present spoilt by being thrown away with other refuse. Before applying compulsion to housewives the Ministry would be well advised to apply more detailed compulsion to local authorities, not merely to carry out their salvage duties, but to make it clear to housewives that they are carrying them out. It is by no means easy for a busy housewife to maintain some five different receptacles and sort out everything as she throws it away, and she can only be expected to take this trouble if she is satisfied that it will not be rendered nugatory by the dustman or at a later stage of disposal. Some dustmen tell housewives that they need not sort their rubbish as that will be done at the depot, and the housewife is left wondering whether this is true or is merely a labour-saving excuse. It might be well if each council circularised its householders direct, telling them exactly what it wished them to do and explaining why. The Controller of Salvage can hardly hope to stop people using their waste paper to light fires, but they would be much more careful to save the remainder if they had the assurance of their own local authority that it really was used again. There are rumours that the paper manufacturers have more waste paper offered to them than they can profitably handle, and similar rumours about scrap metal crop up from time to time. The salvage campaign should include an effort by the Controller to keep abreast of such gossip. Untrue stories should be denied as soon as they begin to circulate, and the foundation for those which are true should be as promptly removed.

* * *

Documentary Films for the Export Trade

Although the use of documentary films in trade promotion began before the war, it is likely to be used increasingly for this purpose in the future. The British Council, in co-operation with the Board of Trade Press Office, is prepared to sponsor the production and showing of documentary films dealing with industries engaged in the export trade. For some years the British Council has used films in its work of making British life and achievements better known abroad, and this experience should be of great value to the export trade. It is proposed that the general theme of the films should show the enterprise, technical progress and resources of British industry. The object of the films is to provide a background for our exports as a means of creating an interest in them; treatment would aim at creating and holding the interest of general audiences. A film would be sponsored only if the Films Committee of the British Council were satisfied that the subject would lend itself to sympathetic treatment. By the arrangement made with the Board of Trade, the Council would be willing to bear about four-fifths of the costs of making a film for an Export Group, or the industry it represents, if the Group agreed to contribute the remaining one-fifth. The Council would supervise production and bear all costs of distribution. The Council is in a position to arrange wide theatre and non-theatre showing abroad through both commercial and other channels. There is every hope, with the weight of British Council experience behind it, that this experiment in assisting British industry abroad should succeed.

* * *

Milk Production Costs

The Oxford Institute of Agricultural Economics has just published a pamphlet summarising its report on the costs of milk production from October, 1938, to September, 1939. It shows that until the trend was reversed by war conditions, a decrease in these costs was in progress. Returns were obtained from 382 wholesale and 47 retail producers, and from 123 producers of

COSTS OF MILK PRODUCTION PER GALLON, 1938-39

382 Wholesale, 123 Graded and 47 Producer-retailer Farms

	Foods	Labour	Misc.	Herd Replacement	Gross Farm Cost	Credits	Net Farm Cost
	d.	d.	d.	d.	d.	d.	d.
Wholesale	5·95	2·18	1·24	0·98	10·35	0·86	9·49
Graded	6·65	2·51	1·68	0·88	11·72	0·98	10·74
Producer-retailer	6·17	2·90	1·52	1·35	11·94	0·89	11·05

tubercuIin-tested milk, referred to as the "graded" producers. The average number of cows per head in each of these categories was 32, 30 and 37 respectively, and the total quantity of milk produced was 11,807,000 gallons, of which 55.1 per cent. was produced in the summer. The cost of production of summer milk was 4.87d. or 40.41 per cent. lower than that of winter milk

in the wholesale group; 5.12d. or 37.54 per cent. in the graded and 4.3d. or 33.41 per cent. in the producer-retailer group. Gross and net farm costs were 1d. per gallon lower than in the preceding year in the wholesale and producer-retailer groups and 1½d. per gallon in the graded group, where they were lower than ever before. Indeed the decline in the comparative costs of producing tuberculin-tested milk is one of the features of this last pre-war year, and augurs well for the future. It will be seen from the table on page 317 that the graded producers' gross and net farm costs were actually lower in 1938-39 than those of producer-retailers. The decline in the quantities of food consumed, and especially of concentrates, was greatest in the graded group, probably because the production of premium milk is being increasingly undertaken by average producers working under ordinary commercial conditions. The average yield per cow per day was 1.77 gallons in the wholesale group, 1.71 gallons in the graded and 1.84 gallons in the producer-retailer group. Unhappily in the winter 1939-40 the reduction in milk costs was not maintained. The cost both per cow and per gallon of all foods in the wholesale group was higher than in either of the two preceding winters, and so were all other costs, while the yield per cow fell from 1.58 to 1.50 gallons per day. Figures for the whole year are not yet available, but it seems unlikely that yields can have been maintained in the face of the shortage of concentrates, and the rise in costs seems likely to continue as part of the general rise in the price level.

Retail Sales in January

The average daily value of total sales over the counter in January, as recorded in this week's *Board of Trade Journal*, was virtually the same as a year earlier; it showed a decline of only 0.3 per cent. As the accompanying table shows, the rise in the value of food sales, which accounted for 62 per cent. of the total turnover, offset a fairly substantial fall in non-food sales.

	Percentage Change from preceding Year	
	Food and Perishables	Other Merchandise
1940		
August	+ 5·4	+21·0
September	−11·5	+ 6·7
October	− 5·2	+20·9
November	− 0·3	+ 1·3
December	+ 0·8	− 6·7
1941.		
January	+ 5·8	− 8·8

In view of the rise in food prices during the past year, the volume of sales last January was probably well below the level of a year ago. In the case of other merchandise, the decline in the volume of sales must have been very considerable, for a large proportion of the goods sold were no doubt subject to purchase tax. The value of stocks (at cost) of non-food merchandise at the end of January was 20.2 per cent. higher than a year ago; but their volume was probably appreciably smaller.

COMMODITY AND INDUSTRY NEWS

Tin prices showed another sharp drop on February 27th, falling by £5 5s.–£5 10s. to £264 10s.–£265 per ton standard cash. Since then fluctuations have been within narrower margins and prices for cash and futures have tended to be closer together. On Wednesday the price per ton of standard cash closed at £266 10s. to £266 15s., while the three months quotation was £266 5s. to £266 10s. The wholesale prices of bacon were revised with effect from March 3rd. The price of Wiltshire cut sides rose from £5 13s. 6d. to £6 5s. 6d. per cwt. and for gammons and hams the rise was from £5 18s. to £6 11s. 6d. per cwt. Details of the advance in retail prices are expected to be announced before March 10th. A further reduction of 2s. 6d. per 120 in the price of eggs is promised after Easter, but it is expected that this will be the last reduction to be made this year.

Feeding-Stuffs Ration Halved.—In a statement made by Mr. Tom Williams, M.P., Parliamentary Secretary to the Minister of Agriculture, he announced that the feeding-stuffs situation, especially as far as cereals are concerned, was so serious that it would be necessary to make a further reduction in supplies on April 1st. Poultry-keepers are the chief victims of the shortage and the ration to be supplied in April will be sufficient to feed only one-sixth of pre-war laying flocks of poultry. It is considered desirable, in view of the shortage of feeding-stuffs, that pigs should be marketed at lighter weights during the next few months, so as to reduce the number of pigs to accord with the decreased supplies of feeding-stuffs. To encourage farmers to make this reduction, the prices of certain classes of pigs were raised on March 3rd, though it is announced that they will be lowered on April 28th, and again on June 16th. The unit value of feeding-stuffs ration coupons is to be reduced from 1 cwt. to ½ cwt., although additional supplementary coupons are to be issued to mitigate the effect of this reduction to dairy herds, working horses, approved pedigree animals and selected poultry stock. Farmers selling home-grown grain will receive sufficient coupons to give replacement on a ton-for-ton basis.

Reduction in Cotton Supplies.—Business has been thoroughly disorganised by the reduction in the amount of raw cotton allowed to spinners. It is understood that broadly speaking licences for March have been cut by 30 per cent., compared with February. Mills entirely engaged on Government contracts have received a full allotment, but production for export and the home trade is bound to be severely reduced. Numerous spinners of yarn have refused to sell, but some fair lines have been put through in fine Egyptian qualities. A large demand has been met with in piece goods, but here again contracts have been few and far between as most manufacturers have refused to sell. Some Government orders have been given out, but business in goods for ordinary civilian use has been at a standstill.

Oils and Fats Prices Unchanged.—Official maximum prices of controlled vegetable oils, marine oils and animal fats in operation during February are to be continued throughout March without alteration. In conjunction with minor changes in preceding months, this provides a certain degree of stability not unwelcome to the manufacturing industry. Edible oils required by manufacturers of margarine and cooking compounds are in good supply. The calls upon them, however, may not be so heavy in the near future as a result of the increase in the proportion of butter in the fats ration operating from March 10th.

Coffee Prices Fixed.—The Minister of Food has made an Order controlling the retail price of coffee from March 31st. The maximum price for dearer blends is to be 2s. 8d. per lb., but retailers must also stock cheaper blends at not more than 1s. 8d. per lb. Unroasted coffee beans may be sold at 2d. per lb. less. The wholesale price is not controlled, but has been rising steadily. At the beginning of the year the price of Costa Rica, medium to good, was £85 to £115 per cwt., while on March 4th it was £30 higher at £115 to £145 per cwt.

Smaller Newspapers.—The consumption of newsprint is to be reduced once more from March 16th, and it is likely that further cuts will be made in the course of the next three months. The effect of the present cut will be to limit the penny daily paper to 32 pages for six issues, and other papers will have their allocations reduced accordingly. This decision of the Newsprint Supply Company has been taken at the request of the Government in order to make further reductions in imports of pulp, pulpwood and newsprint.

RAW COTTON delivered to Spinners

Variety ('000 bales)	Week ended		From Aug. 1 to	
	Feb. 21, 1941	Feb. 28, 1941	Mar. 1, 1940	Feb. 28, 1941
American	16·0	16·5	825	550
Brazilian	9·1	13·2	182	216
Peruvian, etc.	1·3	2·5	134	78
Egyptian	5·9	3·9	224	125
Sudan Sakel	0·1	0·3	100	36
East Indian	13·7	8·2	215	210
Other Countries	5·1	6·2	89	231
Total	51·2	50·8	1,769	1,446

Source: *Liverpool Cotton Association's Weekly Circular.*

WORLD SHIPMENTS OF WHEAT AND FLOUR

From ('000 quarters)	Week ended		From Aug. 1 to	
	Feb. 15, 1941	Feb. 22, 1941	Feb. 24, 1940	Feb. 22, 1941
N. America	584	442	13,931	11,415
Argentina, Uruguay	127	152	12,587	5,331
Australia	...*	...*	612†	...*
Russia	...	...	114	429
Danube and district	...	...	4,436	182
Other Countries	...	...	345	...

* Unobtainable. † Incomplete.
Source: *The Corn Trade News.*

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL

From ('000 qusrters)	Week ended		From Apr. 1 to	
	Feb. 15, 1941	Feb. 22, 1941	Feb. 24, 1940	Feb. 22, 1941
Argentina	95	88	14,308	7,230
Atlantic America	30	33	3,067	2,930
Danube Region	...	...	1,430	678
S. & E. Africa	...*	...*	3,478	1,333†
Indo-China, etc.	...	...	1,564	91

* Not received. † Incomplete since January 4,
Source: *The Corn Trade News.*

"THE ECONOMIST" SENSITIVE PRICE INDEX
(1935 = 100)

	Feb. 24, 1941	Feb 25, 1941	Feb. 26, 1941	Feb. 27, 1941	Feb. 28, 1941
Crops	103 7	103·1	102 7	102·9	102·9
Raw Materials	171 0	171 0	170·2	169 5	170·2
Complete Index	133 1	132·7	132 2	133 2	132·3
	Mar. 31, 1937*	Aug. 31, 1939	Feb. 28, 1940	Jan 28, 1941	Feb. 21, 1941
Crops	147·9	92·2	113 1	105·7	103·7
Raw Materials	207·3	122·9	171 8	166 8	171·4
Complete Index	175 1	106 4	137 5	132 8	133·3

* Highest level reached during the 1932–37 recovery

COMPANY MEETINGS

BORAX CONSOLIDATED

IMPROVED RESULTS

AGRICULTURAL DEVELOPMENTS

MR D. ABEL SMITH'S ADDRESS

The forty-third ordinary general meeting of Borax Consolidated, Ltd., was held, on the 4th instant, at Winchester House, Old Broad Street, E.C. Mr. D. Abel Smith (the chairman) presided.

The chairman, in moving the adoption of the report and accounts, said: The profit and loss account in its new form clearly shows all the chargeable disbursements, which now include the pensions and grants reserve, provision for depreciation of buildings and plant, debenture interest and premium on the debenture sinking fund policy. After their deduction the net profit for the year under review amounts to £265,823, representing an increase of £38,504 over last year. Adding to the above profit the amount brought forward from 1939, the total to be dealt with is £517,170. From this we have to deduct provision for British taxation £150,437, consisting of an appropriation of £75,000 from profits, together with the sum of £75,437 to be deducted from the dividends paid and proposed. This leaves a balance of £366,733.

THE DIVIDENDS

We have already paid the sum of £44,000, less income-tax, on the 5½ per cent. cumulative preference stock. Also an interim dividend of 8 per cent. on the preferred ordinary stock was declared on November 12, 1940, and paid on December 7, 1940, absorbing £18,000, less income-tax, and we now propose the payment of a final dividend of 8 per cent. on the preferred ordinary stock, which will absorb a further £18,000, and to pay a dividend of 7½ per cent. on the deferred ordinary stock, representing the sum of £97,500, less income-tax. These dividends, subject to the resolution being passed, will be paid to the stockholders on March 18th. After providing for these payments amounting, less income-tax, to £102,063, the balance to be carried forward is £264,670, an increase of £13,323 on the previous year.

BALANCE-SHEET ITEMS

We have written off from the buildings, plant, etc., account the sum of £74,988. The buildings and plant have been maintained in good repair out of revenue.

The capital amortisation fund now stands at £428,190, representing to-day's surrender value of our policies with the Sun Life Assurance Company for the redemption of the first debenture stock.

You will notice a new item, war contingency reserve—£50,000, which takes the place of the special reserve account for like amount figuring in our previous balance-sheet, a sum which had been set aside in 1937 under exceptional circumstances to meet abnormal conditions. These have now arisen, and we have to envisage the possible depreciation of assets in subsidiary companies situated in territory at present occupied by the enemy.

We have made full provision to cover floating assets, viz., stocks and debts in enemy and enemy-occupied territory, but we think it a wise precaution to earmark the above sum of £50,000 in case of damage or prejudice to the fixed assets so situated, and are of opinion that the aforesaid sum should prove full cover for the land, plant and buildings involved.

The next item, taxation reserve, £276,511, amply covers the company's liability to British taxation. While a growing and heavy burden, we must, however, consider ourselves fortunate in earning the profit shown and contributing our share to the sinews of war until British victory is assured.

Turning to the assets side of the balance-sheet you will find a number of slight variations accounted for by trade exigencies. The principal item to show an increase is that of stock at mines, factories, warehouses, etc., which is up by £170,000. A proportion of this is accounted for by the increased costs of freight and war risk insurance, but the main cause is the necessity under present conditions of carrying far larger stocks of both crude and refined material, distributed over a number of strategic points to ensure under all circumstances regular supplies to our customers. These stocks are taken at cost or under and consist of material in current demand. The increase represents a necessary and wise precaution in our business interests.

In common with other trading concerns, we have had to face increasing difficulties during the past year, but the diversity and elasticity of our trade has again been proved in the steady demand from the many industries dependent upon us, as also by the application of our products in several new directions.

BORAX IN AGRICULTURE

With regard to agriculture, the closing of several continental markets, which had shown great promise prior to the war, has delayed what might have proved a notable increase in the world sales for this purpose. There is scope for a better appreciation of the value of Boron as a plant food and of the need for its inclusion in properly balanced fertilisers as distinct from its unquestioned utility to cure specific Boron-deficiency diseases. The United States and Canada have given a lead in this direction and the outlook continues very promising.

Regarding our investment in the United States Potash Company, the mines continue to develop in a most satisfactory way, and the business is growing in strength under the same enterprising but prudent management. While present conditions prevail that company will play a more and more prominent part in the supply of a vital fertiliser to meet their domestic requirements. The investment, which to-day yields a very satisfactory return, should further increase steadily in value as that business develops.

THE CURRENT YEAR

The conditions are too obscure to hazard any prediction. It must be borne in mind that the past year's accounts include eight months of trading with certain countries not then occupied by the enemy. We have since had to deal with more restricted markets, and trade conditions are necessarily dependent upon current events. So far as practicable we are endeavouring to lighten the calls for shipping space on this country by supplying direct from our American factory to a number of overseas markets. Suffice it to say that for the five months since September 30th our general trade has continued satisfactory. The stocks of our products in enemy and enemy-occupied countries must be so depleted that directly the war is over and the work of restoration starts we anticipate being called to meet large immediate requirements and to restore the substantial reserve stocks normally held by our former buyers.

Prices for refined material were advanced in December, 1939, and June, 1940, to cover a proportion of the increased costs incurred mainly through higher ocean freights and war risk insurance.

One of our managing directors, Mr F. Lesser, will be leaving very shortly in connection with our interests in the United States and South America

Our staff War Savings group, which was instituted in the early days of the savings campaign, is being supported 100 per cent. at our head office and is receiving substantial and increasing support from the workers in the factory.

The report was unanimously adopted, and it was agreed to place the sum of £5,000 at Lord Beaverbrook's disposal for the purchase of a "Spitfire" in token of the magnificent services which the R.A.F. have rendered.

MANCHESTER SHIP CANAL COMPANY

SATISFACTORY REVENUE POSITION

The annual meeting of shareholders in the Manchester Ship Canal Company was held, on the 28th ultimo, in Manchester.

Sir Frederick J. West, who presided, in the course of his speech, said:—

The dividends your board recommend are the same as those paid last year, namely, 3½ per cent. on the Manchester Ship Canal Corporation 3½ per centum preference stock, 3 per cent. on the preference shares, 1½ per cent. on the ordinary shares. The net revenue for the year was £869,462.

Expenditure on Ship Canal, Bridgewater Canals, and railways totals £1,826,670, which is less than it would have been had we been able to effect renewals and carry out repairs on the basis of a normal year. In order that the accounts should not show a false position in this respect, and to enable us to provide for the carrying out of necessary work at a future date without burdening that period with the cost, we have provided an amount of £125,000 in these accounts under the heading of "deferred maintenance."

Whilst this is a policy which will commend itself to shareholders on the grounds of prudence alone, the course adopted is one which is essential if the company is to benefit in its excess profits computation from the allowance granted for deferred repairs and renewals—it being made a condition of such allowance that the amounts claimed be reserved out of current profits and eventually applied in making good the deferred maintenance.

Shareholders will be glad to know that if the full amount of this reserve is allowed in the Excess Profits Tax computation, the effect will be to cancel out the charge against revenue, leaving the balance available for dividends unchanged.

WAR DAMAGE COMPENSATION

The War Damage Bill is the measure at present being considered by Parliament to provide compensation for damage to property caused by enemy action. Whilst the rate of premium indicated for movable assets applies to the company, the contributions payable and the basis of compensation for buildings and immovable property belonging to public utility undertakings (amongst which your company ranks) are to be the subject of separate legislation.

For this reason and because amendments may be made in the Bill before it becomes law, it is not possible to assess the company's actual liability. Thus, the provision of £50,000 shown in the accounts under the heading of "miscellaneous charges" can only be considered as forming the nucleus of a reserve against which contributions payable will be charged, and which will be subject to adjustment when the actual liability is known.

SUBSTANTIAL TAXATION PROVISION

Shareholders will have noticed the substantial amount—£245,000—which has had to be provided under this heading. This covers the estimated liability for income tax and Excess Profits Tax. The latter represents, on average, an effective liability of 90 per cent. for the year 1940, as the duty was 60 per cent. for the first three months and 100 per cent. for the remaining nine months of the year. It will, unless some change is made, be at the rate of 100 per cent. for the year 1941.

Many chairmen of large undertakings have already referred to the desirability of a reduction in order to provide a reserve the better to face the many problems of post-war reconstruction. For my own part, I would associate myself with the views addressed to the Chancellor of the Exchequer by the Federation of British Industries, urging a reduction to 80 per cent., with the proviso that the balance must be retained in the business or applied to such purposes as may be approved by the Treasury.

This brings me to the end of my remarks affecting the revenue position of the company, which I feel sure you will agree must be regarded as satisfactory.

Whilst we have had new problems to deal with and exceptional expenditure to face, we are continuing the policy we have followed for some years—that of looking ahead in order to strengthen the position of the undertaking—a policy which is of the utmost importance in view of the uncertainties of the future.

The report was adopted.

KILLINGHALL TIN LIMITED

INCREASED DIVIDEND

The eleventh annual general meeting of Killinghall Tin Limited was held, on the 28th ultimo, in Oxford.

Mr W. Arthur Addinsell, the chairman, said in the course of his address: Current assets total £62,646, against liabilities of £5,419 only. The net profit amounted to £32,858 (as against £13,762 for the previous year) after payment of £14,022 in royalty to the F.M.S. Government.

While the year's results can be regarded as satisfactory, it is a matter for regret that the dredge was working in low-grade ground and the output of ore was insufficient to utilise the whole of the quota available. We were, however, fortunate in securing £4,788 for the surplus rights.

When the quota release was raised to 100 per cent. rights became unsaleable and part of our quota had to be surrendered. Happily there has been an improvement in ground values in recent months. I anticipate the results for the quarter ending March 31st next will show an appreciable advance.

It is gratifying to recommend a final dividend which will make 20 per cent. for the year, compared with 5 per cent. in the previous year. Your directors consider it prudent to place £3,500 to taxation reserve, and to write off £665, the expenses of acquiring a sub-lease over an additional 104 acres in 1938, of which £654 was paid to the F.M.S. Government for premium and survey fees.

The tin-producing industry is passing through a period of prosperity which we all realise results from abnormal conditions, and no one can foreshadow how long this state of affairs will continue. We can, however, derive satisfaction that from the profits earned substantial contributions are being made to the Empire's war effort by way of taxation.

The report and accounts were unanimously adopted.

PADANG LANGKAT RUBBER ESTATES, LIMITED

IMPROVED PRICES REALISED

The eighth ordinary general meeting of this company was held, on the 4th instant, in London.

The chairman, in the course of moving the adoption of the report and accounts, said: The quantity of rubber which the company was permitted to export for the period covered by the accounts was 1,334,128 lb., a considerable increase compared with the exportable allowance of 821,836 lb. for the previous financial year. The crop harvested for the season was 1,124,000 lb. and the unexportable stock at the close of the financial year was 245,530 lb., compared with the rather heavy stock of 455,658 lb. brought forward at the close of the previous season, which had been built up during the period of low releases. Your directors decided to reduce stocks in view of the larger exportable releases permitted. The unexportable stock of 245,530 lb. has been taken into account at estate cost. The average gross sale price realised was 11.18d. per pound, which compares with 8.27d. per pound in the previous year. The estate expenditure amounted to £21,835 on the production of 1,124,000 lb. rubber, compared with expenditure of £15,808 in relation to the production of 969,000 lb. of rubber in the previous year. The result of the year's working is a profit of £24,796. The board recommends the payment of a dividend of 7½ per cent., less income-tax.

The condition of the estates is reported to be satisfactory. Our replanting programme proceeds steadily; 572 acres have been replanted and a further 215 acres have been put in hand for replanting during the current financial year.

The report and accounts were unanimously adopted.

Every year many hundreds of Companies publish Reports of their Annual General Meetings in *The Economist*, thereby reaching thousands of investors in the quiet of their own homes.

In time of war the value of this practice is greatly enhanced because *The Economist* provides valuable information which is not otherwise available to investors, who therefore read it more carefully than ever.

Full particulars of the charges for inserting these reports may be obtained on application to The Reporting Manager, *The Economist*, 8 Bouverie Street, E.C.4.

CURRENT STATISTICS

Finance

GOVERNMENT RETURNS

For the week ended March 1st, 1941, total ordinary revenue was £46,577,000, against ordinary expenditure of £77,350,000 and issues to sinking funds of £145,000. Thus, including sinking fund allocations, the deficit accrued since April 1st is £2,215,469,000 against £656,468,000 (including defence loan issues) for the corresponding period a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands) Estimate, 1940–41	Apr. 1, 1939, to Mar. 2, 1940	Apr. 1, 1940, to Mar. 1, 1941	Week ended Mar. 2, 1940	Week ended Mar. 1, 1941
ORDINARY REVENUE					
Income Tax	510,500	346,774	456,269	22981	25,802
Sur-tax	83,000	56,980	64,897	2,240	3,020
Estate, etc., Duties	86,100	69,750	70,577	1,820	1,303
Stamps	19,000	15,390	12,218	110	110
N.D.C.	} 70000	{ 24,520	21,525	500	520
E.P.T.		{ ...	59,883	...	1,581
Other Inland Revenue	1,000	1,200	699	60	10
Total In. Rev.	769,600	514,614	686,068	27711	32,346
Customs	309,350	238,993	278,062	4,763	4,038
Excise	213,550	127,267	191,377	1,137	13,577
Tot'l Customs and Excise	522,900	366,260	469,439	5,900	17,615
Motor Duties	35,000	33,164	37,356	108	...
P.O. (Net Receipt)	13,291	7,054	8,900	*Dr800*	*Dr1,850*
Crown Lands	1,150	1,210	1,050	80	70
Receipts from Sundry Loans	5,000	4,851	1,893	...	1
Misc. Receipts	13,250	16,167	25,174	200	349
Total Ordinary Revenue	1360191	943,320	1229880	33199	48,531
SELF-BAL. Post Office & Broadcasting	86,422	73,996	83,100	2,400	4,000
Total	1446613	1017316	1312980	35599	52,531

Expenditure	Issues out of the Exchequer to meet payments (£ thousands) Estimate, 1940–41	Apr. 1, 1939, to Mar. 2, 1940	Apr. 1, 1940, to Mar. 1, 1941	Week ended Mar. 2, 1940	Week ended Mar. 1, 1941
ORDINARY EXPENDITURE					
Int. and Man. of Nat. Debt	230,000	218,344	219,649	3,455	296
Payments to N. Ireland	9,400	7,788	7,957	...	614
Other Cons. Fund Serv.	7,600	6,746	7,063	20	11
Total	247,000	232,878	234,669	3,475	921
Supply Serv.	3736125	1356398	3199587	51526	88,358
Total Ord. Expenditure	3983125	1589276	3434256	55001	89,279
SELF-BAL. Post Office & Broadcasting	86,422	73,996	83,100	2,400	4,000
Total	4069547	1663272	3517356	57401	93,279

The 1939 figures include expenditure out of defence loans.

After decreasing Exchequer balances by £237,468 to £2,544,284, the other operations for the week (no longer shown separately) raised the gross National Debt by £49,664,410 to about £11,156 millions.

OTHER ISSUES (NET)

(£ thousands)

Interest (Defence Loans)	6,561
P.O. and Telegraph	200
Overseas Trade Guarantees	351
	7,112

OTHER RECEIPTS (NET)

Tithe Act	151

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1940, to March 1, 1941, are :—

(£ thousands)

Ordinary Exp.	3,434,256	Ord. Revenue	1,229,880
Inc. in balances	150	Gross. borr.	2,223,365
Misc. issues (net)	7,746	*Less*— Sinking fds.	11,093
		Net borrowing	2,212,272
	3,442,152		3,442,152

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Treasury Deposits by Banks	Total Floating Debt
1940						
Mar. 2	791·0	651·0	54·1	...	...	1496·1
Nov. 23	845·0		Not available			
„ 30	845·0	1238·6	87·5	...	269·5	2440·5
Dec. 7	845·0		Not available			
„ 14	845·0		„	„		
„ 21	845·0		„	„		
„ 31	2151·8		86·0	50·5	338·0	2626·3
1941						
Jan. 11	845·0		Not available			
„ 18	845·0		„	„		
„ 25	845·0	1340·7	96·1	...	366·0	2647·7
Feb. 1	845·0		Not available			
„ 8	845·0		„	„		
„ 15	845·0		„	„		
„ 22	845·0	1369·4	165·5	...	355·0	2734·9
Mar. 1	845·0		Not available			

TREASURY BILLS

(£ millions)

Date of Tender	Amount: Offered for	Amount: Applied	Amount: Allotted	Average Rate Allotted	Per Cent. Allotted at Min. Rate
1940				s. d.	
Mar. 1	55·0	108·2	50·0	20 4·81	34
Nov. 22	65·0	131·8	65·0	20 5·15	41
„ 29	65·0	152·2	65·0	20 5·23	20
Dec. 6	65·0	140·7	65·0	20 1·99	54
„ 13	65·0	144·0	65·0	20 1·25	33
„ 20	65·0	130·8	65·0	20 2·15	38
„ 27	65·0	143·8	65·0	20 1·52	31
1941					
Jan. 3	65·0	183·3	65·0	20 2·03	38
„ 10	65·0	134·7	65·0	20 2·01	36
„ 17	65·0	146·0	65·0	20 1·28	27
„ 24	65·0	139·4	65·0	20 4·04	28
„ 31	65·0	150·7	65·0	20 2·84	100
Feb. 7	65·0	149·4	65·0	20 3·39	10
„ 14	65·0	142·5	65·0	20 4·23	23
„ 21	65·0	139·1	65·0	20 4·43	28
„ 28	65·0	160·5	65·0	20 3·43	15

On February 28th applications at £99 14s. 10d. per cent. for bills to be paid for on Monday, Tuesday, Wednesday, Thursday and Friday of following week were, accepted as to about 15 per cent. of the amount applied for, and applications at higher prices in full. Applications at £99 14s. 11d. for bills to be paid for on Saturday were accepted in full. £65·0 millions of Treasury bills are being offered on March 7th. For the week ending March 8th the banks will be asked for Treasury deposits to the maximum amount of £20 million.

NATIONAL SAVINGS CERTIFICATES AND 3% AND 2½% BONDS SUBSCRIPTIONS

(£ thousands)

Week ended	N.S.C.	3% Def. Bonds	2½% Bonds	New 2½%	3% Sav. Bonds
Jan. 28	2,929	2,872	48	6,630	4,677
Feb. 4	3,727	3,316	46	15,950	5,470
„ 11	4,407	3,651	180	12,293	5,935
„ 18	4,273	3,870	25	19,766	6,545
„ 25	4,602	4,661	47	8,927	4,920
Mar. 4	...	...	8	8,952	6,314
Totals to date	233,368*	230,630*	444617†	102,765§	57,513§

* 66 weeks. † 37 weeks. § 9 weeks.

Interest free loans received by the Treasury up to March 4th amounted to a total value of £28,890,856. Up to February 22nd, principal of Savings Certificates to the amount of £30,072,000 had been repaid.

BANK OF ENGLAND RETURNS

MARCH 5, 1941

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt	11,015,100
In Circln.	607,278,567	Other Govt. Securities	615,936,656
In Bnkg. Department	22,963,008	Other Secs.	3,037,369
		Silver Coin	10,845
		Amt. of Fid. Issue	630,000,000
		Gold Coin & Bullion (at 168s. per oz. fine)	241,575
	630,241,575		630,241,575

BANKING DEPARTMENT

	£		£
Props.' Capital	14,553,000	Govt. Secs.	157,842,888
Rest	3,528,798	Other Secs. :	
Public Deps.*	11,737,027	*Discs., etc.*	*5,935,028*
		Securities	*20,530,742*
Other Deps. :			*26,815,770*
Bankers	*125,351,534*	Notes	22,963,008
Other Accts.	*53,729,302*	Gold & Silver Coin	1,308,045
	179,110,836		
	208,929,661		208,929,661

* Including Exchequer, Savings Banks, Commissioners of National Debt, and Dividend Accounts.

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. Mar. 5, 1941	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation	607,279	+ 4,030	+ 72,982
Deposits : Public	11,737	— 2,898	— 10,761
Bankers	125,382	+ 3,660	— 3,517
Others	53,729	+ 712	+ 13,314
Total outside liabilities	798,127	+ 5,504	+ 72,019
Capital and rest	18,082	+ 11	— 70
COMBINED ASSETS			
Govt. debt & securities†	784,795	+ 1,387	+ 72,525
Discounts and advances	5,985	+ 2,262	+ 2,946
Other securities	23,868	+ 1,933	— 3,274
Silver coin in issue dept.	11	+ 3	— 497
Coin and gold bullion	1,550	— 71	+ 246
RESERVES			
Res. of notes and coin in bankind department	24,271	— 4,101	— 22,736
"Proportion" (reserve to outside liabilities in Bankg. dept.)	12·7%	— 2·2%	— 12·7%

COMPARATIVE ANALYSIS

(£ millions)

	1940 Mar. 6	1941 Feb. 19	1941 Feb. 26	1941 Mar. 5
Issue Dept. :				
Notes in circulation	534·3	601·5	605·2	607·3
Notes in banking department	45·9	28·8	27·0	23·0
Government debt and securities†	575·0	626·8	627·0	627·0
Other securities	4·5	3·2	3·0	3·0
Silver coin	0·5	0·0	0·0	0·0
Gold, *valued at s. per fine oz.*	0·2 *168·00*	0·2 *168·00*	0·2 *168·00*	0·2 *168·00*
Deposits :				
Public	22·5	31·8	14·6	11·7
Bankers'	128·9	103·5	121·7	125·4
Others	40·4	52·4	53·0	53·7
Total	191·8	187·7	189·3	190·8
Banking Depart. Secs. :				
Government	137·3	152·1	156·4	157·2
Discounts, etc.	3·0	3·8	3·7	6·0
Other	22·7	19·7	19·0	20·2
Total	163·0	175·6	179·1	184·6
Banking depart. res.	47·0	30·0	28·4	24·3
"Proportion"	% 24·5	% 16·0	% 14·9	% 12·7

* Government debt is £11,015,100; capital, £14,553,000. † Fiduciary issue raised from £550 millions to £630 millions on June 11, 1940.

OVERSEAS BANK RETURNS

NOTE—The latest returns of the Bank of Finland appeared in "The Economist" of Dec. 9th, 1939; Norway, of Apr. 13th, 1940; Denmark, of Apr. 27th; Netherlands, of May 11th; Belgium, of May 18th; France, of June 8th; Switzerland, of June 15th; Java, of June 22nd; Latvia, of Oct. 5th; Estonia, of Oct. 26th; Mellie Iran, of Nov. 23rd; Lithuania, of November 30th; Jugoslavia, of Jan. 25; Roumania, of Feb. 8th; Egypt, Greece, Reichsbank, International Settlements, of Feb. 15th; Bulgaria, Roumania and South Africa, of Feb. 22nd; Australia, Canada, Sweden and Prague, of Mar. 1st.

U.S. FEDERAL RESERVE BANKS
Million $'s

12 U.S.F.R. Banks	Feb. 28, 1940	Feb. 13, 1941	Feb. 20, 1941	Feb. 27, 1941
RESOURCES				
Gold Certifs. on hand and due from Treas.	15,794	19,903	19,903	19,961
Total reserves	16,171	20,258	20,251	20,308
Total cash reserves	367	345	339	338
Total U.S. Govt. secs.	2,477	2,184	2,184	2,184
Total bills and secs.	2,495	2,195	2,194	2,195
Total resources	19,432	23,363	23,399	23,476
LIABILITIES				
F.R. notes in circn.	4,859	5,931	5,943	5,977
Excess mr. bank res.	5,690	6,330	6,440	6,540
Mr. banks res. dep.	12,318	13,871	14,021	14,175
Govt. deposits	561	622	479	368
Total deposits	13,623	16,330	16,285	16,294
Total liabilities	19,432	23,363	23,399	23,476
Reserve ratio	87·5%	91·0%	91·1%	91·2%
BANKS AND TREASURY: RESOURCES				
Monetary gold stock	18,166	22,130	22,140	22,179
Treas. and bk. currency	2,980	3,100	3,102	3,101
LIABILITIES				
Money in circulation	7,439	8,665	6,688	8,725
Treas. cash and dep.	2,935	2,834	2,701	2,572

FEDERAL RESERVE REPORTING MEMBER BANKS.—Million $'s

	Jan. 24, 1940	Jan. 8, 1941	Jan. 15, 1941	Jan. 22, 1941
ASSETS				
Loans, total	8,536	9,298	9,280	9,287
Investments	14,647	16,310	16,389	16,397
Reserve with F.R. bks.	10,245	11,975	12,142	12,171
Due from domestic bks.	3,074	3,388	3,475	3,420
LIABILITIES				
Deposits: Demand	19,163	22,481	22,703	22,898
Time	5,254	5,419	5,468	5,427
U.S. Govt.	576	471	372	284
Inter-bank	8,809	9,778	9,895	9,826

CENTRAL BANK OF ARGENTINA
Million paper pesos

	Dec. 15, 1939	Nov. 15, 1940	Nov. 30, 1940	Dec. 15, 1940
ASSETS				
Gold at home	1,224	1,096	1,071	1,071
Other gold & for. exch.	173	241	253	257
Non-int. Govt. bonds	119	119	119	119
Treasury bonds	396	395	395	395
LIABILITIES				
Notes in circulation	1,153	1,164	1,173	1,180
Deposits: Government	218	118	131	129
Banks	430	429	460	457
Certs. of participation	106	180	113	119
Reserve ratio	77·3%	78·0%	74·0%	75·0%

BANK OF JAPAN
Million yen

	Jan. 13, 1940	Dec. 21, 1940	Jan. 11, 1941	Jan. 18, 1941
ASSETS				
Coin & Bullion: Gold	501·3	501·3	501·3	501·3
Other	37·0	14·0	15·2	16·4
Foreign exch. fund	300·0	300·0	300·0	300·0
Discounts and advances	692·6	440·1	461·7	393·7
Government bonds	2385·9	4071·7	3629·5	2840·2
Agencies' accounts	216·7	374·0	301·9	316·4
LIABILITIES				
Notes issued	2968·9	4133·9	4030·7	3885·8
Deposits: Government	843·5	1158·2	805·4	1065·0
Other	93·1	111·0	102·4	184·5

NATIONAL BANK OF HUNGARY
Million pengös

	Jan. 7, 1940	Oct. 7, 1940	Nov. 15, 1940	Nov. 23, 1940
ASSETS				
Metal Reserve:				
Gold coin and bullion	124·1	124·1	124·1	124·1
Foreign exchange	76·5	41·5	40·8	37·5
Inl. bills, wts., & secs.	562·8	780·1	697·2	698·8
Advances to Treasury	312·1	503·1	572·4	572·4
LIABILITIES				
Notes in circulation	931·6	1320·6	1304·7	1270·8
Sight liabilities	198·3	178·5	207·2	239·6
Cash certificates	93·5	86·8	86·8	86·8

RESERVE BANK OF NEW ZEALAND
Million £N.Z.'s

	Jan. 15, 1940	Dec. 16, 1940	Dec. 23, 1940	Jan. 13, 1941
ASSETS				
Gold and stg. exch.	9·67	12·10	12·60	14·07
Advances to State	24·20	28·86	27·63	26·66
Investments	3·04	3·77	3·77	3·77
LIABILITIES				
Bank Notes	18·72	22·33	22·77	22·12
Demand liabs.: State	3·06	6·69	6·01	6·46
Banks and others	13·17	12·31	13·96	14·64
Reserves to sight liabs.	27·6%	29·2%	29·4%	32·5%

RESERVE BANK OF INDIA
Million rupees

	Feb. 23, 1940	Feb. 7, 1941	Feb. 14, 1941	Feb. 31, 1941
ASSETS				
Gold coin and bullion	444	444	444	444
Rupee coin	583	306	308	317
Balances abroad	201	639	650	663
Sterling securities	1,135	1,405	1,405	1,405
Indian Gov. rupee secs.	384	496	496	496
Investments	86	70	70	70
LIABILITIES				
Notes in circn.: India	2,249	2,351	2,352	2,328
Burma	146	162	168	171
Deposits: Govts.	198	235	272	288
Banks	172	469	443	463
Reserve ratio	62·0%	69·8%	69·7%	69·5%

BANK OF PORTUGAL
Million escudos

	Nov. 27, 1940	Dec. 4, 1940	Dec. 11, 1940	Dec. 18, 1940
ASSETS				
Gold	1231·8	1232·3	1232·3	1232·4
Balances abroad	820·4	821·5	826·5	830·2
Discounts	412·8	405·3	394·1	386·5
Securities	278·4	278·3	278·3	278·3
LIABILITIES				
Notes in circulation	2768·0	2825·2	2784·4	2785·6
Deposits: Government	236·3	184·5	203·5	164·6
Bankers'	855·9	824·3	844·7	916·0
Other	142·5	179·4	176·8	173·5
Foreign commitments	255·3	255·3	255·3	255·6

CENTRAL BANK OF TURKEY
Million Turkish pounds

	Dec. 16, 1939	Nov. 30, 1940	Nov. 7, 1940	Dec. 14, 1940
ASSETS				
Gold	35·9	108·7	108·7	108·9
Clearing and other exch.	10·8	29·2	29·3	31·0
Treasury bonds	140·8	139·0	139·0	138·8
Commercial bills	208·9	258·2	258·2	259·5
Securities	58·1	55·3	55·5	55·4
Advances	16·2	109·8	106·0	110·9
LIABILITIES				
Notes in circulation	296·8	400·0	408·0	409·8
Deposits	36·5	155·7	147·2	152·1
Clearing & other exch.	46·3	34·6	35·2	35·9

MONEY MARKET STATISTICS

EXCHANGE RATES

The following rates fixed by the Bank of England remained unchanged between February 27th and March 5th. (Figures in brackets are par of exchange.)

United States. $ (*4·86⅛*) 4·02½–03½; mail transfers 4·02½–03⅝. **Canada.** $ (*4·86⅛*) 4·43–47; mail transfers 4·43–47⅛. **Switzerland.** Francs (*25·22½*) 17·30–40. **Sweden.** Krona (*18·159*) 16·85–95. **Argentina.** Peso (*11·45*) 16·95⅛–17·13; mail transfers 16·95⅛–17.15. **Dutch East Indies.** Florin (*12·11*) 7·58–62; mail transfers 7·58–64. **Dutch West Indies.** Florin 7·58–62; mail transfers 7·58–64. **Belgian Congo.** Francs 176½–⅛. **Portugal.** Escudos (*110*) 99·80–100·20. **Panama.** $ 4·02–04; mail transfers 4·02–04½. **Manila.** Peso 8·09–12; mail transfers 8·09–13.

Rates Fixed for Payment at Bank of England for Clearing Offices

Spain. Peseta (*25·22½*) 40·50 (Official rate); 46·55 (Voluntary rate). **Turkey.** £T (*1·10*) 5·20.

Market Rates

The following rates remained unchanged between February 27th and March 5th:—

Greece. Drachma (*375*) 515 sellers. **Finland.** Mark (*193·23*) 180–210. **Egypt.** Piastres (*97½*) 97⅛–¼. **India.** Rupee (*18d. per rupee*) 17 31/32–18 1/32. **Hongkong.** 14⅛–15⅛d. per $. **Japan.** Yen (*24·58d. per yen*) 13⅞–14⅛. **Yugoslavia.** Dinar (*276·32*) 155 sellers; trade payments 200 sellers. **Bulgaria.** Leva (*673·66*) 315 sellers. **Singapore.** $ (*28d. per $*) 28 1/32–1/32. **Colombia.** Peso 6 (nominal). **Shanghai.** 3 1/32–1/32 d. per $.

SPECIAL ACCOUNTS are in force for the following countries and no rate of exchange is accordingly quoted in London: Hungary, Turkey, Brazil, Chile, Uruguay and Peru.

Forward Rates

Forward rates for one month have remained unchanged as follows:—**United States.** ⅛ cent pm.-par. **Canada.** ⅛ cent pm.-par. **Switzerland.** 3 cents pm.-par. **Sweden.** 3 ore pm.-par. **Dutch East Indies.** 1½ cents pm.-par.

NEW YORK EXCHANGE RATES

New York on	Feb. 26, 1941	Feb. 27, 1941	Feb. 28, 1941	Mar. 1, 1941	Mar. 3, 1941	Mar. 4, 1941
London:—						
Cables	Cents 403⅛	Cents 403⅛	Cents 403⅛	Cents 403⅛	Cents 403⅛	Cents 403⅛
Switzerland, Fr.	23·32(*b*)	23·30(*b*)	23·30(*b*)	23·30(*b*)	23·31(*b*)	23·30(*b*)
Italy, Lire	5·05(*c*)	5·05(*c*)	5·05(*c*)	5·05(*c*)	5·05(*c*)	5·05(*c*)
Berlin, Mark	40·05	40·05	40·05	40·05	40·05	40·05
Stockholm, Kr.	23·85	23·85	23·85	23·85	23·85	23·85
Montreal, Can. $	85·180	85·060	85·500	85·625	85·500	85·500
Japan, Yen	23·45–48(*a*)	23·45–48(*a*)	23·45–48(*a*)	23·45–48(*a*)	23·45–48(*a*)	23·45–48(*a*)
Shanghai, $	5·67	5·72	5·72	5·72	5·64	5·62
B. Aires, Peso (mkt. rate)	23·65‡	23·55‡	23·45‡	23·35‡	23·10‡	23·00‡
Brazil, Milreis	5·05	5·05	5·05	5·05	5·05	5·05

‡ Official buying rate 29·78. (*a*) Offered. (*b*) Free Rate. (*c*) Nominal.

PROVINCIAL BANK CLEARINGS (£ thousands)

	Week ended Mar. 2, 1940	Week ended Mar. 1, 1941	Aggregate January 1 to Mar. 2, 1940	Aggregate January 1 to Mar. 1, 1941		Week ended Mar. 2, 1940	Week ended Mar. 1, 1941	Aggregate January 1 to Mar. 2, 1940	Aggregate January 1 to Mar. 1, 1941
Working days:—	6	6	53	53	Newcastle	1,666	1,283	13,887	12,385
Birm'ham	2,497	2,076	21,904	20,517	Nottingham	514	391	4,453	4,488
Bradford	2,337	3,225	14,157	19,651	Sheffield	877	723	7,305	5,323
Bristol	1,790	2,011	14,759	16,577	10 Towns	31,138	29,894	252008	246737
Hull	925	709	8,363	6,197					
Leicester	757	937	7,190	7,760	Dublin*	5,032	5,342	52,916	50,695
Liverpool	6,378	6,119	55,361	49,118	So'th'pton†	...	127	...	948
Manch'ter	13,397	12,420	104629	104721					

* Feb. 24, 1940, and Feb. 22, 1941.
† Clearing begun May 14, 1940.

MONEY RATES, LONDON

The following rates remained unchanged between Feb. 27th and Mar. 5th:—
Bank rate, 2% (changed from 3% October 26th, 1939). Discount rates: Bank Bills, 60 days, 1 1/16%; 3 months, 1⅛%; 4 months, 1⅛%; 6 months, 1¼%. Treasury bills: 2 months, 1–1 1/16%; 3 months, 1 1/16%. Day-to-day money, ½–1½%. Short loans, 1–1½%. Bank deposit rates, ½%. Discount deposits at call, ½%; at notice ½%.

GOLD AND SILVER

The Bank of England's official buying price for gold remained at 168s. 0d. per fine ounce throughout the week.

In the London silver market prices per standard ounce have been as follows:—

Date	Cash	Two Months	Date	Cash	Two Months
	d.	d.		d.	d.
Feb. 27	23 7/16	23 5/16	Mar. 4	23½	23 5/16
,, 28	23½	23 5/16	,, 5	23½	23⅜
Mar. 3	23 7/16	23⅜			

COMMODITY-SECURITY PRICES

In view of the need to economise paper, the tables showing the prices of important commodities in Great Britain and in the United States, and of active securities on the London Stock Exchange, will in future be published in alternate weeks.

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Total Profit	Depreciation, etc.	Net Profit after Deb. Interest	Available for Distribution	Appropriation: Pref. Div.	Ord. Div.	Rate	To Free Reserves	Difference in Carry Forward (+ or −)	Preceding Year: Total Profit	Net Profit	Ord. Div.
Breweries		£	£	£	£	£	£	%	£	£	£	£	%
Mooney (J. G.) & Co.	Dec. 31	13,017	...	6,260	22,098	900	9,000	10	...	− 3,640	18,304	10,591	10
Electric Lighting, etc.													
Midland Counties Electric	Dec. 31	365,400	...	305,780	322,134	93,438	138,000	8	70,000	+ 4,342	396,976	334,252	8
Financial, Land, etc.													
Ppty. & Reversionary Inv.	Dec. 31	54,368	870	3,021	12,203	2,344	...	...	...	+ 677	68,373	13,078	6
Sudan Plantations	June 30	714,429	5,216	299,122	761,571	...	198,000	8	100,000	+ 1,122	555,321	279,912	8
Gas													
Gloucester Gas Light	Dec. 31	49,878	...	15,272	30,135	...	14,135	5½	*Dr.290*	+ 1,427	42,656	14,048	5½
Sheffield Gas	Dec. 31	478,247	30,000	114,835	210,864	...	90,317	6½	...	+ 24,518	457,764	113,353	6½
York Gas	Dec. 31	49,528	...	11,886	19,932	1,150	10,637	5	...	+ 99	43,283	21,084	5
Iron, Coal and Steel													
Fife Coal Co.	Dec. 31	189,620	...	189,620	320,647	12,012	97,952	8†	75,000	+ 4,656	205,691	205,691	9
Lanarkshire Steel	Dec. 31	161,857	25,000	29,631	130,223	9,487	13,297	12½	20,000	− 13,153	147,793	40,359	12½
Lloyd (Richard) Co.	Dec. 31	67,475	...	15,125	23,330	1,088	8,625	20	10,000	− 4,588	39,887	17,323	20
Partington Steel & Iron	June 30	131,084	...	12,827	*Dr.36,172*	...	...	...	...	+ 12,827	131,207	6,746	Nil
Pearson & Knowles	June 30	57,377	...	10,512	*Dr.462,419*	...	...	...	...	+ 10,512	56,053	4,124	Nil
Oil													
Anglo-Ecuadorian Oil	June 30	362,057	134,029	215,455	312,503	...	150,000	10	50,000	+ 15,455	297,201	168,106	10
Rubber													
Tambira	June 30	38,449	...	1,264	5,798	...	5,028	5	...	− 3,764	10,189	292	Nil
United Serdang (Sumatra)	Dec. 31	203,536	25,000	131,108	225,682	...	128,095	9	...	+ 3,013	122,349	71,193	5
Shops and Stores													
Darnell (J.) & Son	Dec. 31	35,484	1,271	15,063	23,257	...	11,500	10	5,000	− 1,437	37,525	21,144	10
Evans (D. H.) & Co.	Jan. 31	345,372	25,721	80,883	112,296	12,000	63,000	7	7,388	− 1,505	440,897	114,029	10
Greenlees & Sons	Dec. 28	88,738	12,340	64,690	84,080	18,750	27,000	10	20,000	− 1,060	86,750	61,017	10
Shipping													
British Oil Shipping	Dec. 31	77,696	12,000	25,047	60,705	...	24,609	20(a)	...	+ 438	40,338	19,893	20(a)
Textiles													
Hart & Levy	Oct. 31	69,003	9,177	19,728	19,728	(c)12,420	...	...	...	+ 7,308	681	*Dr.8,423*	Nil
Heath (G. H.) & Co.	Dec. 31	48,936	18,564	29,852	54,736	9,000	22,500	15	...	− 1,648	92,908	72,343	15
Jackson & Steeple	Dec. 28	31,779	1,917	15,562	18,951	...	9,056	15	5,000	+ 1,506	5,360	2,727	2½
Lister & Co.	Nov. 30	347,459	...	124,864	129,995	(b)90,000	28,500	2	...	+ 6,364	105,789	78,822	Nil
Wolsey, Ltd.	Dec. 31	185,375	39,914	72,396	109,955	32,344	19,406	4½(d)	20,000	+ 646	191,897	60,201	4½(d)
Woolcombers Ltd.	Dec. 31	165,343	...	96,240	179,580	15,750	85,000	21½†	...	− 4,510	153,528	106,895	21½†
Trusts													
London Stockholders Inv.	Dec. 31	36,210	...	17,342	27,821	9,900	5,400	2	2,000	+ 42	32,794	15,670	2
Premier Investment	Jan. 31	137,929	...	54,913	54,913	45,000	12,000	2	*Dr.2,087*	...	130,977	57,000	2
Scottish Central Invest.	Jan. 15	104,092	...	29,402	53,372	17,500	8,167	3½	5,000	− 1,265	102,453	32,519	3½
Second Scottish American	Feb. 1	97,028	...	36,713	48,602	7,050	23,500	20	6,000	+ 163	96,907	39,995	20
Union Commercial Inv.	Jan. 31	41,988	...	24,027	28,244	22,500	4,500	1½	...	− 2,973	42,835	23,672	1½
Winterbottom Trust	Dec. 15	44,729	...	22,959	46,693	17,531	...	...	5,000	+ 428	41,882	24,787	Nil
Waterworks													
Bristol Waterworks	Dec. 31	233,946	...	179,753	230,525	68,002	77,734	6⅜	28,000	+ 6,017	229,548	167,629	6⅜
Newcastle and Gateshead	Feb. 1	252,550	...	158,112	276,797	75,262	76,170	9 & 6⅜	10,000	− 3,320	266,486	158,394	9 & 6⅜
Other Companies													
Beans Industries, Ltd.	Nov. 30	54,332	...	50,932	70,463	3,163	22,063	37½	25,000	+ 706	124,811	58,911	37½
Bovril, Ltd.	Dec. 31	282,145	15,035	263,860	347,559	78,750	155,000	7½ & 8	30,000	+ 110	303,345	283,597	7½ & 8
City Safe Deposit & Agncy.	Dec. 31	4,003	...	4,003	9,606	1,300	1,875	7½	1,000	− 172	4,988	4,988	7½
Elephant Trading (S.A.)	Dec. 31	104,001	...	73,818	43,042	16,500	43,200	12	...	+ 14,118	88,608	82,008	12
Goorwitch Ltd.	Aug. 31	20,882	...	11,024	4,117	4,500	...	...	...	+ 6,524	2,520	*Dr.6,180*	Nil
Gossard, Ltd.	Nov. 30	37,268	2,629	7,401	9,587	2,796	4,657	6	...	− 52	25,693	10,194	6
Kassala Cotton	June 30	130,179	1,120	23,802	65,653	...	24,000	8	...	− 198	109,727	24,027	8
Larkins (S. C.) & Sons	Dec. 31	30,189	...	28,589	64,689	2,156	20,625	13¾†	5,000	+ 808	32,675	31,225	13¾†
Outram (Geo.) & Co.	Dec. 31	85,144	...	80,592	136,721	...	55,421	11	25,000	+ 171	77,032	72,317	11
Oxford Canal	Dec. 31	22,336	...	1,422	5,899	...	3,594	5	...	− 2,172	26,032	7,661	8
Pawsons & Leafs	Dec. 27	32,385	...	23,965	56,726	...	20,700	7½	...	+ 3,265	24,269	13,916	5
Robinson (Thomas) & Son	Dec. 31	47,704	8,698	30,828	55,369	11,250	11,079	5	...	+ 8,499	39,701	25,600	5
Smith (D.) & Sons	Aug. 31	16,556	5,131	5,178	8,095	...	...	...	7,000	− 1,822	8,917	3,068	Nil
Walker (J.) Goldsmith, &c.	June 30	65,243	...	9,173	21,520	...	10,410	8	...	− 1,237	35,080	7,319	8
Yorks. Indigo, &c. Dyers	Dec. 31	52,703	6,114	9,334	17,011	(c)7,754	...	...	4,000	− 2,420	39,146	16,065	Nil
Totals (000's):	*No. of Cos.*												
Week to Mar. 8, 1941	*48*	*6,265*	*380*	*3,053*	*4,375*	*701*	*1,734*	...	*533*	+ *85*	*5,635*	*2,983*	...
Jan. 1 to Mar. 8, 1941	*277*	*63,168*	*2,577*	*35,185*	*54,034*	*6,089*	*25,502*	...	*2,536*	+ *1,058*	*60,140*	*35,669*	...

(a) Three years. (b) 10% paid free of income tax. (c) Two years. (d) Also 8·1d. per 1/– "B" ordinary share. † Free of tax.

DIVIDEND ANNOUNCEMENTS

Rates are actual unless stated per annum or in cash. Previous year's rate is total dividend unless marked* indicating interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
INSURANCE	%	%		%
Eagle Star Insurance	7½*	...	Apr. 1	7½*
Prudential "A"	(a)	(a)	...	(a)
Prudential "B"	...	‡2/–ps	...	‡2/–ps
MINING				
Rosterman Gold	5*	...	Mar.28	5*
RAILWAYS				
Beira Railway	...	2/–ps	...	2/–ps
TEA AND RUBBER				
Associated Tea (Ceylon)	...	3	...	Nil
Merlimau Pegoh	4*	...	Mar.28	5*
Taiping Rubber	...	7	Apr. 4	4
Tambira Rubber	...	5	Mar.19	Nil
INDUSTRIALS				
Aplin and Barrett	5†	10	...	12½
Baker (J.) & Bessemer	...	10	...	10
Barker (John)	...	10	...	10
Barratt & Co. ord.	17†	27	...	27
Barratt & Co. pref.	5¾†	9¾	...	9¾
Bournemouth&Poole El.	7½†	12½	...	15
Cammell Laird & Co.	6†	10	...	10
City of London Electric.	4†	7	...	7½
Courtaulds, Ltd.	5½†	8	Apl. 4	7
Coltness Iron	15†	20	...	20
Courage & Co.	9†	14	...	17
Crabtree Electrical	5*	...	...	5*
Darnell (J.) & Son	7†	10	...	10
De Havilland Aircraft	...	12½	...	12½
Fleming Reid & Co.	7½†	12½	...	15
Gamage (A. & W.)	...	7½	...	15
Guinness (A.) Son & Co.	11*	...	Mar.15	11*
Halesowen Steel	17½†	25	...	17
Hine Parker	5†	7½	...	7½
Hollins (Wm.)	...	6	...	5
H.P. Sauce	22½	30	...	30
Lancashire Electric	5†	7½	...	7½
Llanelly Electric	...	5½	...	5½
Metropolitan Electric	5†	8	...	10
Meux's Brewery	...	5	...	7
Mid-Cheshire Electricity	...	8	...	8
Midland Counties Elec.	5½†	8	...	8
Northmet Power	4†	7	...	10
Oakey (John) & Sons	7½†	10	...	11½
Radio Rentals	6†	10	...	7½
R.F.D. Co.	8†	12	...	15
Sackville Estates	1½†	3	...	4½
Staveley Coal &c.	‡2½*	...	...	‡2½*
Taylor Tunnicliff	10†	12½	...	12½
Telegraph Construction	(a) 5†	(a) 10	...	10
Tiser, Ltd.	15†	20	...	20
Tremletts	...	10	...	10
United Steel Cos.	2½*	...	Mar.27	2½*
United Tobacco (South)	(b) 5*	...	...	(b) 5*
Wolsey Ltd. A	...	4½	...	4½
Do. B (1/–)	...	8·1d.	...	8·1d.

‡ Free of Income Tax. (a) Paid on a larger capital. (b) Free of South African income tax.
(a) Final dividend 8/11·56d. per £1 share tax free, making 11/5·56d. tax free for 1940 against 16/9·78 tax free for 1939.

OVERSEAS WEEKLY TRAFFIC RECEIPTS

Name	Weeks	Ending	Gross Receipts for Week: 1941	+ or −	Aggregate Gross Receipts: 1941	+ or −
B.A. and Pacific	34	Feb. 22	‡1,908,000	+ 38,000	44,308,000	− 755,000
B.A. Gt. Southern	34	22	‡2,847,000	− 269,000	71,373,000	− 7,133,000
B.A. Western	34	22	‡ 929,000	+ 98,000	24,397,000	− 2,024,000
Canadian Pacific	8	28	†$4,045,000	+1003000	28,792,000	+ 4,632,000
Central Argentine	34	22	‡2,061,000	+ 400,750	50,162,450	−10,694,300

‡ Receipts in Argentine pesos. † 7 days 1941; 8 days 1940.

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association
(Table excludes certain open and closed trusts)

Name	Mar. 4, 1941	Name	Mar. 4, 1941	Name	Mar. 4, 1941
Sec'd Brt.	18/3—19/3xd	Nation'l D.	9/6—10/6	Key. Gold.	7/10½—9/4½
Lim'd Inv.	12/1½—13/1½	Century	11/0—12/9	Br. Ind. 4th	10/6—12/0
New British	7/0—8/0	Scottish	9/10½—11/4½	Elec. Inds.	12/3—13/9
Invest Tr.	9/3—10/3*	Univ. 2nd	11/6—13/3xd	Met. & Min.	10/3—11/9
Bk.-Insur.	14/3—15/9*	Inv. Flex.	8/9—10/0xd	Cum. Inv.	13/3—14/9
Insurance	14/0—15/3*	Inv. Gen.	12/1½—13/1½	Producers	5/9—6/9
Bank	14/6—16/3xd*	Key. Flex.	9/7½—11/1½xd	Dom. 2nd	4/6—5/6
Scotbits	10/9—11/9*	Key. Cons.	8/4½—9/10½	Orthodox	7/3

* Free of commission and stamp duty.

LONDON ACTIVE SECURITY PRICES AND YIELDS

Allowance is made for net interest accrued, and for redemption for fixed interest stocks and for changes in interim dividends for ordinary stocks.

Prices, Year 1940 High	Prices, Year 1940 Low	Prices, Year 1941 Jan. 1 to Mar. 4 High	Prices, Year 1941 Jan. 1 to Mar. 4 Low	Name of Security	Price, Mar. 4, 1941	Ch'ge since Mar. 25, '41	Yield Mar. 4, 1941 £ s. d.
				British Funds			
77	68½	77½	76½	Consols 2½%	77xd	+½	3 4 11
111½	103½	110½	110	Do. 4% (aft. 1957)	110½	...	3 12 7
98½	98½	99½	98½	Conv. 2% 1943–45	99	−¼	2 3 4
100½	95½	100½	98½	Do. 2½% 1944–49	99	...	2 12 9
103	97½	103½	101½	Do. 3% 1948–53	101½	−½	2 15 3
103½	94	104½	102½	Do. 3½% after 1961	103xd	...	3 8 0
112	107½	108½	107½	Do. 5% 1944–64	108½	...	2 9 3
92½	86½	92½	92½	Fund. 2½% 1956–61	92½	...	3 0 10
98½	92	98½	97½	Fund. 2½% 1952–57	98½	...	2 17 10
99½	95	99½	99½	Fund. 3% 1959–69	99½	...	3 1 4
114	105½	114½	113½	Fund. 4% 1960–90	113½	+½	3 1 7
102	98½	101½	100½	Nat. D. 2½% 1944–48	100½	...	2 7 11
102	95½	101½	100½	Do. 3% 1954–58	101½	+½	2 17 5
100½	100	100½	100	War Bds. 2½% 1945–47	100½	...	2 8 8
...	...	100½	100½	Do. 2½% 1946–48	100½	...	2 7 11
...	...	100	100	Sav. Bds. 3% 1955–65	100½	...	2 19 1
112½	105½	112½	110½	Victory Bonds 4%	111	...	3 4 4
101	98	101½	100½	War L. 3% 1955–59	101½	...	2 18 11
103½	93½	103½	103	War L. 3½% af. 1952	103½	+½	3 7 11
83½	80½	90½	89½	Local Loans 3%	89½xd	+½	3 7 0
94½	85½	95	93½	Redemption 3% 1986–96	94	+½	3 4 7
101	97½	100	100	Austria 3% 1933–53	100	...	3 0 7
71½	59½	74	70	India 2½%	74xd	+½	3 7 7
97½	82½	99½	96	Do. 3½%	98½xd	+½	3 11 1
				Dom. & Col. Govts.			
107½	101	105	103½	Austria. 5% 1945–75	104	...	4 0 8
112	105½	112	108½	Canada 4% 1953–58	109	...	3 3 9
110½	106	108½	107½	Nigeria 5% 1950–60	108	...	3 19 0
105½	100	105½	104	N. Zealand 5% 1946	105	...	3 19 10
108½	103	107½	106½	S. Africa 5% 1945–75	107	...	3 4 9
				Corporation Stocks			
116½	104	108½	106½	Bir'ham 5% 1946–56	106½xd	+2	3 11 0
85	78	87½	84½	L.C.C. 3%	87	+1½	3 9 0
94½	87½	94½	93	Liverpool 3% 1954–64	94	...	3 8 5
104	97	103½	100½	Middx. 3½% 1957–62	100½xd	+½	3 9 2
				Foreign Governments			
92½	71	84	79½	Argen. 4½% Stg. Bds.	80	...	5 12 6
35½	20	37	31	Brazil 5% Fd. 1914	32	−1	7 16 3
23	9	14	12½	Chile 6% (1929)	13	...	11 11 0
45½	12	35	28	China 5% (1913)	29½	−1	...
80½	50½	82	78½	Egypt Unified 4%	80½	+1	4 19 5
25	12½	20	14½	Greek 6% Stab. Ln.	15½	...	...
65	19½	36½	21	Japan 5½% 1930	26	+1½	21 3 0
69	50½	62½	58	Portuguese 3%	62½	...	4 16 0
57½	37½	45	41	Spanish 4%	45	...	8 17 10

Prices, Year 1941 Jan. 1 to Mar. 4, High	Prices, Year 1941 Jan. 1 to Mar. 4, Low	Last two Dividends (a)	(b)	(c)	Name of Security	Price, Mar. 4, 1941	Ch'ge since Feb. 25, '41	Yield Mar. 4, 1941 £ s. d.
		%		%	**Railways**			
5½	3½	Nil		Nil	B.A. Gt. Sthn. Ord.	4	...	Nil
8½	7½	Nil		Nil	Can. Pac. Com. $25	8	...	Nil
37½	31½	1½	a	2½	b Gt. Western Ord.	32½	−½	12 6 0
90½	84½	2½	a	2½	b Do. 5% Cons. Prf.	86	−2	5 16 0
61	50	2½	a	2½	b LN.E.R. 5% Pref. 1955	58½	...	8 11 0
39	33	2	a	2	b Do. 4% 1st Pf.	34½	−2	11 12 0
15½	11½	1½	c	1½	c L.M.S. Ord.	12	...	12 10 0
41	34½	2	a	2	b 4% Pf. 1923	35½	−1	11 5 0
55	49	2	a	2	b 4% Pf.	49½	−2	8 1 9
35½	31½	½	a	2½	b Lon. Trans. "C"	34	...	8 16 3
12½	9½	1½	c	1½	c Southern Def.	10	+½	12 10 0
53	44½	2½	a	2½	b Do. 5% Pf. Ord.	46½	−2	10 14 0
88½	80	2½	a	2½	b Do. 5% Pf.	81½	−3	6 3 0
					Banks and Discount			
63/9	53/4½	7½	a	10	b Alexanders £2 £1 pd.	61/3	...	5 14 3
345	333	6	a	6	b Bank of England Stk.	344	+1½	3 9 6
7⅞	6½	3½	a	4½	b Bk. of Australasia £5	6½xd	+½	5 17 0
£49½	£46	8	c	8	c Bk. of Montreal $100	£47	...	3 19 0
27/-	24/-	5	b	5	a Bk. of N. Zealand £1	25/-	...	6 8 0
69/-	64/10½	7	a	7	b Barclays Bank £1	67/-	−1/-	4 3 9
9	7½	5	b	5	a Chtd. of India £5	8	...	6 5 0
50/-	47/-	5	a	5	b District B. £1 fy. pd.	50/-	...	4 0 0
£83½	£70	£2½	a	£2½	b Hongkong and S. $125	£73	...	6 16 6
50/-	45/6	6	a	6	b Lloyds £5, £1 pd.	49/-	...	4 18 0
7⅛	7	7½	a	7½	b Martins £20, £2½ pd.	7½	...	4 16 0
82/-	78/-	8	a	8	b Midland £1, fy. pd.	79/-	−1/-	4 1 0
5⅛	5⅛	5	a	5	b Nat. Dis. £2½ fy. pd.	5½	...	4 11 0
32½	31½	8	b	8	a N. of Ind. £25, £12½ pd.	32½	+½	6 3 0
62/-	56/-	7½	a	7½	b Nat. Prov. £5, £1 pd.	58/6	...	5 2 9
419	397	8½	a	8½	b Royal Bk. of Scotland	404	...	4 4 0
45/-	41/3	3½	a	6½	b Union Discount £1	45/-	...	4 8 0
75/-	70/-	9	a	9	b Westmtr. £4, £1 pd.	72/-	...	5 0 0
					Insurance			
23	21½	50	b	40	a Alliance £1, fully pd.	22½	...	4 0 0
10½	10	6/-	b	4/6	a Atlas £5, £1½ pd.	10	−½	5 5 0
68/-	34/9	2/-	b	1/6	a Gen. Accdt. £1, 5/- pd.	65/-	...	5 7 6
24½	12½	10/-	b	10/-	a Lon. & Lancs. £5, £2 pd.	23	...	4 6 9
13½	12½	†25	b	†22½	a Pearl (£1), fy. pd.	13	...	3 13 0
12½	12	6/-	a	6/-	b Phœnix £1, fy. pd.	12½	...	4 16 0
20½	17½	†84-075c		†57⅛c	Prudential £1 A.	18½	+½	3 2 0
7⅛	7⅛	19	b	11	a Royal Exchange £1	7½	+⅛	4 1 9
8	7½	3/3	b	3/3	a Royal £1, 12/6 pd.	7½	...	4 6 0
5½	5½	13½	a	13½	b Sun Life £1, fy. pd.	5½	...	5 0 0
					Investment Trusts			
155	139	4	a	6	b Debenture Corp. Stk.	153	...	6 10 9
165	160	8	b	5	a Invest. Trust Def.	163½	...	7 19 0
142	135	7	b	3	a Trustees Corp. Ord.	141½	...	7 0 0
166	150	4	a	6	b United States Deb.	162½xd	+4	6 3 6
					Breweries, &c.			
116/-	109/-	†5	a	†15	b Bass Ratcliff Ord. £1	110/6	+6	3 10 9
45/6	43/9	13	b	3	a Charrington £1	44/-	...	7 5 3
47/9	45/-	5	a	9	b Courage Ord. £1	46/-	...	6 1 9
68/6	62/-	10	b	6½	a Distillers Ord. £1	63/3	+9d.	5 3 0
71/9	63/9	14	b	11	a Guinness Ord. £1	68/9xd	+5/-	7 5 0
73/9	68/-	7½	a	15	b Ind, Coope & Allp. £1	71/9	...	6 5 3
64/-	61/9	8	a	13	b Mitchells & Butlers £1	62/6	...	6 14 6
40/6	39/6	11	b	4	a Watney Combe Def. £1	40/-	+6d.	7 10 0
					Iron, Coal and Steel			
43/1½	39/9	7	b	4	a Babcock & Wilcox £1	40/7½	+7½d.	5 8 3
5/8	4/6	10	c	10	c Baldwins 4/-	5/-	...	8 0 0
45/-	40/-	3½	a	11½	b Bolsover Coll. £1	43/1½	...	6 19 3
28/4½	25/7½	†10	b	†5	a Brown (J.) Ord. 10/-	27/6	...	5 9 0
6/11½	6/3	4	a	6	b Cammell Laird 5/-	6/6	...	7 14 0
21/3	19/4½	5	b	3	a Colvilles Ord. £1	21/-	+3d.	7 12 6
20/9	16/6	10	c	7	c Dorman Long Ord £1	17/6	...	8 0 0

Prices, Year 1941 Jan. 1 to Mar. 4, High	Prices, Year 1941 Jan. 1 to Mar. 4, Low	Last two Dividends (a)	(b)	(c)	Name of Security	Price, Mar. 4, 1941	Ch'ge since Feb. 25, '41	Yield Mar. 4, 1941 £ s. d.
		%		%	**Iron, Coal, &c.—cont.**			
23/1½	20/10½	†4	b	†2½	a Guest Keen &c. Ord. £1	21/3	...	6 2 9
22/6	21/-	15	b	7½	a Hadfields 10/-	21/3	...	10 12 0
12/7½	11/3	5½	b	1½	a Powell Duffryn £1	11/10½	...	11 16 0
21/9	19/4½	12	c	6	c S. Durham Ord. £1	20/-	...	6 0 0
46/3	42/6	†5½	b	†2½	a Staveley Coal, etc. £1	45/7½xd	...	8 10 0
44/-	41/3	12½	c	12½	c Stewarts & Lloyds £1	42/6	...	5 19 0
31/-	28/-	10½	b	4	a Swan, Hunter £1	30/7½	+7½d.	9 8 0
24/3	20/4½	5½	b	2½	a Un. Steel Cos. Ord. £1	21/-xd	+9d.	7 12 0
16/-	14/7½	6	b	4	a Vickers 10/-	15/-	+3d.	6 12 0
					Textiles			
4/-	3/-	Nil		Nil	Brit. Celanese 10/-	3/3	+3d.	Nil
33/9	28/9	5	b	3½	a Coats, J. & P. £1	29/3	+6d.	6 0 0
34/7½	29/-	2½	a	5½	b Courtaulds £1	28/6dxd	−2d.	5 12 0
29/4½	23/9	5	b	2½	a English Swg. Ctn. £1	23/9	−1/3	6 6 0
19/3	15/9	7½	c	7½	c Lancs. Cotton Corp. £1	16/3	+3d.	9 4 0
53/1½	48/9	†10	c	†8½	c Patons & Baldwins £1	49/4½	−1/10½	3 8 0
					Electrical Manufactg.			
41/0	39/-	10	c	10	c Associated Elec. £1	40/-	...	5 0 0
88/3	78/9	15	b	5	a British Insulated £1	80/-	...	5 0 0
65/6	61/3	10	b	5	a Callenders £1	62/6	...	4 16 0
19/3	17/6	7½	a	12½	b Crompton Park. A 5/-	18/9	...	5 6 6
31/0	28/3	10	c	10	c English Electric £1	30/-	...	6 13 3
80/9	77/-	20	c	20	c General Electric £1	78/9	...	5 1 0
47/6	44/-	7½	b	7½	a Johnson & Phillips £1	45/-	...	6 13 3
					Gas and Electricity			
36/-	33/6	3	a	5	b Clyde Valley Elec. £1	35/-	...	4 14 0
35/-	30/-	3	a	5	b County of London £1	30/-xd	−3d.	5 6 9
25/-	23/6	3½	b	2½	a Edmundsons £1	24/6	...	4 10 0
14/11½	10/9	4½	c	2½	c Gas Light & C. £1	11/-	...	4 1 9
30/4½	28/-	5	b	2½	a Lancashire Elec. £1	30/-	+1/3	5 0 0
27/6	25/6	2½	a	4½	b North-East Elec. £1	26/10½	...	5 4 0
34/-	28/9	3	a	4	b Northmet Power £1	28/9xd	−3/3	4 17 9
35/6	33/-	2½	a	5½	b Scottish Power £1	34/4½	...	4 13 0
37/-	33/9	3	a	5	b Yorkshire Electric £1	36/3	+7½d.	4 8 0
					Motor and Aircraft			
15/-	13/9	30	c	15	c Austin 5/-	13/9	...	5 9 0
17/9½	16/-	6	c	7½	c B.S.A. Ord. £1	17/3	+3d.	8 18 0
10/6	9/-	6	b	4	a Bristol Aero. 10/-	10/-	−6d.	10 0 0
28/9	25/9	12½	c	12½	c De Havilland Air. £1	26/3xd	+1/3	9 10 0
13/3	11/-	†12½	c	†10	c Fairey Aviation 10/-	11/9	+3d.	8 10 0
18/0	15/9	5	c	6	c Ford Motors £1	17/9	...	6 15 0
14/9	11/9	15	a	17½	b Hawker Siddeley (5/-)	11/9	...	13 12 0
65/-	60/-	20	c	10	a Leyland Motors £1	59/4½	−7½d.	3 6 0
56/-	50/7½	2½	a	12½	b Lucas, J. (£1)	55/-	...	5 9 0
26/4½	24/6	45	c	40	c Morris Motors 5/- Ord.	25/-	+1/3	8 0 0
77/6	73/9	5	a	15	b Rolls-Royce £1	76/3	...	5 4 0
12/-	10/10½	25	c	15	c Standard Motor 5/-	11/-	...	7 6 0
					Shipping			
18/6½	17/9	4	c	5	c Furness, Withy £1	18/-	...	5 11 0
21/6	20/-	2	a	5½	b P. & O. Def. £1	21/-	...	7 2 0
18/1½	17/-	5	c	5	c Royal Mail Lines £1	17/6	+6d.	5 14 3
9/6	8/3	Nil	c	Nil	c Union Castle Ord. £1	9/-	...	Nil
					Tea and Rubber			
10/3	7/10½	6	c	4	c Allied Sumatra £1	8/1½	...	9 16 0
17/4½	14/9	4	b	2	a Anglo-Dutch £1	15/-	...	8 0 0
32/-	28/9	7½	b	2½	a Jokai (Assam) £1	31/3	+1/3	6 8 0
3/4½	2/10½	6	b	4	a London Asiatic 2/-	3/-	...	6 13 6
26/10½	24/9	6	b	3	a Rubber Trust £1	25/-	...	7 4 0
2/4½	1/9	5	c	9	c United Serdang 2/-	2/-	...	9 0 0
					Oil			
42/-	31/6½	20	c	5	c Anglo-Iranian £1	33/9	−7½d.	3 0 0
26/10½	24/6	12½	a	17½	b Apex (Trinidad) 5/-	26/9	+3d.	5 12 6
61/3	48/9	16	b	5	a Burmah Oil £1	52/6	−1/3	8 0 0
47/6	38/9	5	c	†2½	a Shell Transport £1	43/9	+3/1½	2 5 9
63/9	58/9	7½	a	7½	b Trinidad Leaseholds £1	63/9	+3/9	4 14 0
					Miscellaneous			
63/1½	58/1½	7½	b	5	a Assoc. P. Cement £1	61/3	...	4 1 9
29/6	25/-	10	c	10	c Barker (John) £1	25/-	−2/6	8 14 0
40/-	35/-	m20	c	30.9c	Boots Pure Drug 5/-	35/-	...	5 11 6
43/-	40/-	8½	b	3	a Brit. Aluminium £1	40/7½	...	5 13 3
95/-	87/2½	†19½	c	†17½	c Brit.-Amer. Tob. £1	87/6	−1/3	4 2 0
68/6	62/6	7	a	10	b British Oxygen £1	65/-	+1/3	5 4 0
60	52½	4	c	4	c Cable & Wir. Hdg. Stk.	59	+5	6 15 0
4½	3½	11¾	a	15	b Carreras 'A' Ord. £1	3½	−½	7 2 0
34/7½	31/3	9	c	12	c Dunlop £1	32/6	−3d.	5 8 0
8/4½	7/3	Nil	c	Nil	c Elec. & Mus. Ind. 10/-	7/6	...	Nil
27/6	25/-	25	b	15	a Ever Ready Co. 5/-	26/-	...	7 14 0
24/6	23/3	6	b	3	a Forestal Land £1	23/9	...	7 11 0
4⅜	4	20	b	7½	a Gallaher Ltd. Ord. £1	4½	...	5 18 0
20/6	19/4½	15	a	10	b Gestetner (D.) 5/-	20/-	+7½d.	6 5 0
4⅜	4½	5	a	20	b Harrison & Cros. Df. £1	4½	−⅛	5 16 6
29/3	22/6	2	a	2	b Harrods £1	22/6	...	3 11 0
30/9	28/4½	5	b	3	a Imp. Chem. Ord. £1	30/-	−3d.	5 6 9
11/6	10/3	Nil	c	3½	c Imp. Smelting £1	11/3	...	6 4 0
5½	4⅜	†7½	a	†12½	b Imp. Tobacco £1	4½	−⅛	4 6 0
$41	$34½	$2.25c		$2.00c	Inter. Nickel n.p.	$36	+$1	5 10 6
25/3	21/10½	5½	b	Nil	a Lever & Unilever £1	23/1½	...	4 10 6
50/6	43/9	5	a	5	b London Brick £1	48/9xd	+2/10½	4 2 0
78/9	71/-	15	b	5	a Lyons (J.) Ord. £1	77/6	+2/6	5 3 0
37/6	33/6	23½	b	15	a Marks & Spen. 'A' 5/-	33/9	...	5 12 6
3⅜	3⅛	12½	b	5	a Metal Box £1	3½	...	5 0 0
81/3	75/-	7½	a	12½	b Murex £1 Ord.	76/3	...	5 4 9
21/6	18/3	6	b	2½	a Pinchin Johnson 10/-	18/9	...	4 10 6
16/-	14/9	15	b	3	a Ranks Ord. 5/-	15/6	...	5 16 0
58/3	53/9	12½	b	2½	a Spillers Ord. £1	56/3	+1/3	5 6 0
50/0	46/6	3½	a	10	b Tate and Lyle £1	48/1½	...	5 12 0
2⅜	1⅜	5	a	5	b Tilling, Thos. £1	2⅜	...	4 17 0
20/6	18/1½	20	c	5	c Triplex Safety G. 10/-	18/9	−1/3	2 13 3
92/3	89/3	10	a	13½	b Tube Investments £1	90/-	...	5 5 6
71/10½	63/9	3½	a	11½	b Turner & Newall £1	67/6	...	4 8 6
45/6	42/3	5	a	7½	b United Dairies £1	43/-	...	5 16 0
25/-	22/6	22½	c	28½	c United Molasses 6/8	24/4½	...	5 12 6
56/9	51/1½	20	a	45	b Woolworth Ord. 5/-	51/10½	...	6 0 0
					Mines			
49/4½	43/-	95	c	80	c Ashanti Goldfields 4/-	43/1½	−2/4½	6 4 0
8/-	7/-	4½	b	4	a Burma Corp. Rs. 9	7/-	...	7 8 0
40/7½	33/9	3½	a	6½	b Cons. Glds. of S. Af. £1	35/-	+1/3	8 10 10
12½	11½	95	a	90	b Crown Mines 10/-	11½	−¼	5 14 0
5½	4½	Nil	c	Nil	c De Beers (Def.) £2½	5½	...	7 15 0
1⅞	1⅜	11½	a	11½	b Randfontein £1	1⅝	...	Nil
8½	7½	25	a	15	b Rhokana Corp. £1	7½	−¼	12 4 0
15/-	13/7½	10	a	10	b Roan Antelope Cpr. 5/-	14/-	+3d.	5 4 9
7½	7½	75	a	70	b Sub Nigel 10/-	7½	...	7 2 0
7½	6½	5/6b		2/6a	Union Cp. 12/6 fy. pd.	7	+¼	10 0 0
3½	2⅜	Nil		Nil	W. Witwatersrand 10/-	2⅜	−⅛	5 14 0 Nil

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Worked on 9% basis. (e) Allowing for exchange. (f) Flat yield.
(g) Worked on 22½% basis. (i) Annas per share. (j) Yield worked to average redemption—end 1960. (k) Based on redemption at par in 1946.
(m) Including bonus of 5% free of tax. (n) Yield on 1.537% basis. (o) For 15 months to December 31, 1939. Also
cash dividend 10 per cent. out of capital reserve. (p) Yield worked on a 2½ per cent. basis. † Free of Income Tax.

TRANSVAAL GOLD OUTPUT

Statistics for February, 1941 (on basis of £8 8s. 0d. per fine ounce)

Mine and Group	Tons Milled	Value or Output	Profit	Working Costs per fine oz.
		£	£	s. d.
Anglo-Amer. Corp.				
Brakpan	126,500	245,317	88,509	107 5·7
Daggafontein	157,000	376,961	219,028	70 6·0
East Daggafontein	75,000	166,240	66,907	100 5·3
S. Af. Land	112,500	261,848	147,404	73 5·5
Springs	159,000	364,393	193,041	79 1·0
W. Springs	87,500	153,959	55,313	107 8·4
		Fine ozs		
Cent. Mng.-Rand M.				
City Deep	104,000	24,286	66,395	113 6
Cons. M. Reef	203,000	31,845	63,559	128 2
Crown	312,000	76,538	289,198	92 8
Durban Deep	180,000	32,940	90,290	113 7
E. Rand Prop.	204,000	43,184	119,011	113 3
Geldenhuis	64,000	8,260	13,006	136 8
Glyan's Lyd.	9,200	2,851	7,562	115 0
Modder B.	84,000	14,455	55,500	91 4
Modder East	131,000	21,748	76,560	97 8

Mine and Group	Tons Milled	Value or Output	Profit	Working Costs per fine oz.
		Fine ozs	£	s. d.
Cent. Mng.-Rand M.—cont.				
New Modder	183,000	26,093	74,030	111 5
Nourse	77,000	15,374	33,004	125 2
Rose Deep	80,000	12,364	24,090	129 2
Transvaal G.	29,800	5,178	5,614	141 9
Gen. Mining				
Van Ryn	59,000	56,221	7,010	150 3
W. Rand Cons.	221,000	343,597	151,023	97 3
Goldfields		Fine ozs		
Venterspost	112,000	21,337	50,403	120 11
Simmer and Jack	140,000	27,301	73,177	114 6·7
Robinson Deep	118,500	25,596	84,300	102 4·8
Sub Nigel	61,500	39,371	220,198	56 3·1
Vogelstruisbult	70,000	18,244	57,737	104 9·9
Rietfontein	31,500	5,000	15,374	106 6·4
Luipaards Vlei	78,500	16,943	41,553	118 9·4

Mine and Group	Tons Milled	Value or Output	Profit	Working Costs per fine oz.
		£	£	s. d.
"Johnnies"				
E. Champ D'Or	32,000	67,150	35,626	79 11
Gov. Areas	235,000	403,186	165,178	100 3
Langlaagte	109,000	130,314	8,533	158 6
N. State Areas	115,000	230,314	115,149	85 2
Randfontein	364,000	460,793	130,107	121 7
Van Ryn	96,000	117,280	23,078	136 0
Witwatersrand	84,000	102,805	16,100	143 9
		Fine ozs		
Union Corp.				
E. Geduld	150,000	43,126	237,296	58 1
Geduld	112,000	26,615	114,758	81 10
Grootvlei	114,000	29,643	117,040	89 2
Marievale	46,000	12,254	33,453	113 7
Modder Deep	46,800	5,699	7,574	142 8
Van Dyk	94,500	24,534	80,856	102 2

The YOKOHAMA SPECIE BANK Limited

Incorporated in Japan. Established 1880.

Subscribed and Paid-up Capital - - Yen 100,000,000
Reserve Fund - - - - - - „ 142,150,000

Head Office - YOKOHAMA

BRANCHES IN ALL PRINCIPAL PARTS OF THE WORLD

London Office: 7 BISHOPSGATE, E.C.2 H. KANO, London Manager

REFUGE ASSURANCE COMPANY LTD.

Chief Office: OXFORD STREET, MANCHESTER, 1

ANNUAL INCOME EXCEEDS - - £13,300,000
ASSETS EXCEED - - - - £72,400,000
CLAIMS PAID EXCEED - - - £125,100,000

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6 Months - - - -	1 10 0

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OFFER TO NEW READERS

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached:

To The Publisher, Economist Newspaper Ltd.,
8 Bouverie Street, E.C.4.

In order to test the value of your publication I should like you to forward it to me by post for the next four weeks. If I then decide to become a subscriber, it is understood that there will be no charge for the copies thus received, but otherwise I shall be willing to pay 4s. to cover their cost.

Name.....

Address .....

.....

CITY OF CAPE TOWN

FOUR PER CENT. MUNICIPAL LOAN OF £178,050 (1942)

NOTICE IS HEREBY GIVEN that, in accordance with the conditions on which the above loan was raised, Debentures amounting to £7,700 were this day DRAWN by lot for payment at par, and that the same will be paid on the 1st July next upon the said Debentures and all interest coupons not then due being left at the Standard Bank of South Africa, Limited, 10, Clements Lane, Lombard Street, London, E.C.4, three clear days for examination.

NUMBERS AND PARTICULARS OF THE DRAWN DEBENTURES

	594, 603, 604	
3	Debentures of £1,000 each	£3,000
	233, 260, 268, 270, 279, 295, 364	
7	Debentures of £500 each	£3,500
	20, 23, 29, 32, 94, 96, 111, 135, 740, 761, 772, 833	
12	Debentures of £100 each	£1,200
22	Debentures, amounting together to	£7,700

For the STANDARD BANK OF SOUTH AFRICA, LIMITED,
RALPH GIBSON, Manager.

LONDON.—Present: John E. R. Casey, Notary Public, of the firm of Cheeswright, Casey, Duff, Watts & Company, 23, Lime Street, E.C.3.
3rd March, 1941.

DOMINION OF CANADA

THREE-AND-A-QUARTER PER CENT. REGISTERED STOCK, 1950–55

For the purpose of preparing the interest warrants due 1st May, 1941, the BALANCES will be STRUCK on the evening of the 1st April, 1941, after which date the stock will be transferred ex-dividend.

For Bank of Montreal, Financial Agents of the Government of the Dominion of Canada in London.

EDWARD POPE, Manager.

47 Threadneedle Street, E.C.2.
1st March, 1941.

PROVINCE OF ONTARIO

FOUR PER CENT. REGISTERED STOCK, 1947

For the purpose of preparing the Interest Warrants due 1st May, 1941, the BALANCES will be STRUCK on the evening of the 1st April, 1941, after which date the stock will be transferred ex-dividend.

For BANK OF MONTREAL,
EDWARD POPE, Manager.

47 Threadneedle Street, E.C.2.
1st March, 1941.

NATIONAL BANK OF INDIA LIMITED

Notice is hereby given that the Transfer Books of the Bank will be closed from the 12th March to 25th March, both days inclusive.

By order of the Board,
R. L. HIRD,
London Manager.

26, Bishopsgate, London, E.C.2.
4th March, 1941.

One Hundred and Ninth Annual Statement

The Bank of Nova Scotia

(Incorporated in Canada with limited liability)

Capital Paid up
$12,000,000

Reserve Fund
$24,000,000

PROFIT AND LOSS

Balance December 30th, 1939		$ 1,174,559.85
Net profits for the year ending December 31st, 1940, after Dominion and Provincial taxes $1,004,027.04 and after making appropriations to Contingent Accounts out of which accounts full provision for Bad and Doubtful Debts has been made		1,941,330.92
		$ 3,115,890.77
Dividends Nos. 281, 282, 283, 284 at 3% per quarter		$ 1,440,000.00
Contribution to Officers' Pension Fund		200,000.00
Written off Bank Premises		250,000.00
Balance carried forward December 31st, 1940		1,225,890.77
		$ 3,115,890.77

GENERAL STATEMENT AS AT DECEMBER 31st, 1940

LIABILITIES

Capital paid up		$ 12,000,000.00	
Reserve fund		24,000,000.00	
Dividends declared and unpaid		361,916.79	
Balance of profits, as per profit and loss account		1,225,890.77	$ 37,587,807.56
Notes in circulation		$ 8,058,969.03	
Deposits by and balances due to Dominion Government	$ 5,195,393.52		
Deposits by and balances due to provincial governments	952,542.77		
Deposits by the public not bearing interest	85,914,472.58		
Deposits by the public bearing interest, including interest accrued to date of statement	177,577,255.77		
		269,639,664.64	
		$277,698,633.67	
Deposits by and balances due to other chartered banks in Canada		3,280,734.58	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and foreign countries		2,594,006.35	
			$283,573,374.60
Acceptances and letters of credit outstanding			6,702,680.42
Liabilities to the public not included under the foregoing heads			818,868.98
			$328,682,731.56

ASSETS

Gold held in Canada		$ 5.00	
Subsidiary coin held in Canada		435,388.15	
Gold held elsewhere		2,230.67	
Subsidiary coin held elsewhere		1,147,608.86	
Notes of Bank of Canada		7,381,318.25	
Deposits with Bank of Canada		17,105,057.01	
Notes of other chartered banks		246,628.05	
Government and bank notes other than Canadian		6,063,792.79	$ 32,382,028.78
Cheques on other banks			13,594,660.69
Due by banks and banking correspondents elsewhere than in Canada			17,632,582.61
			$ 63,609,272.08
Dominion and provincial government direct and guaranteed securities, maturing within two years, not exceeding market value			49,371,039.83
Other Dominion and provincial government direct and guaranteed securities not exceeding market value			58,660,425.60
Canadian municipal securities, not exceeding market value			11,111,525.91
Public securities other than Canadian, not exceeding market value			738,240.41
Other bonds, debentures and stocks, not exceeding market value			11,235,985.93
Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover			5,052,312.25
Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover			333,860.00
			$200,112,662.01
Current loans and discounts in Canada, not otherwise included, estimated loss provided for		$ 93,339,016.47	
Current loans and discounts elsewhere than in Canada, not otherwise included, estimated loss provided for		14,399,566.21	
Loans to provincial governments		799,100.12	
Loans to cities, towns, municipalities and school districts		3,828,911.95	
Non-current loans, estimated loss provided for		401,583.95	$112,768,178.70
Liabilities of customers under acceptances and letters of credit as per contra			6,702,680.42
Mortgages on real estate sold by the bank			82,152.26
Bank premises, at not more than cost, less amounts written off			6,114,380.34
Deposit with the Minister of Finance for the security of note circulation			449,170.88
Shares of and loans to controlled companies			2,350,000.00
Other assets not included under the foregoing heads			103,506.95
			$328,682,731.56

J. A. McLEOD, President. H. D. BURNS, Assistant General Manager.

Auditors' Report to the Shareholders:

We have examined the above General Statement of Liabilities and Assets as at December 31st, 1940, and compared it with the books at the Chief Office and with the certified returns from the Branches. The Bank's investments and cash on hand at the Chief Office and at the Toronto and Montreal Branches were confirmed by us at the close of business on December 31st, 1940. We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

We report that in our opinion the above statement discloses the true condition of the Bank and is as shown by the books of the Bank.

TORONTO, CANADA, 14th January, 1941.

D. McK. McCLELLAND, F.C.A., of Price, Waterhouse & Co.
A. B. SHEPHERD, F.C.A., of Peat, Marwick, Mitchell & Co. } Auditors.

The Bank of Nova Scotia conducts a general banking business. Fully equipped for Exchange, Collection and Letter of Credit Transactions. Particular attention is devoted to business with Canada, Newfoundland and the West Indies, where branches of the Bank have long been established—293 Branches in all.

LONDON OFFICE: 108 OLD BROAD STREET, E.C.2.

E. C. MACLEOD, Manager.

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